

of Bond Counsel as to the enforceability of the obligation to make payments on the Bonds will be qualified as to bankruptcy and such other legal events. See APPENDIX F – “Forms of Opinions of Bond Counsel.”

Federal Tax-Exempt Status of the Bonds

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

IRS Audit of Tax-Exempt Issues

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

LIMITATIONS ON TAX REVENUES

Property Tax Limitations - Article XIII A

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

In the general elections of 1986, 1988, and 1990, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. This amendment will reduce the tax increment of the Successor Agency. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and on or after November 5, 1986, to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within that county and the original property is located in another county within California.

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

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

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

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds.

Effective September 30, 1980, the California Legislature added Section 33678 to the Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the agency of proceeds of taxes levied by

or on behalf of the agency within the meaning of Article XIII B or any statutory provision enacted in implementation thereof, including Section 33678 of the Law. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely and Brown v. Community Redevelopment Agency of the City of Santa Ana*. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

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

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

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

Implementing Legislation

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

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. Neither the Authority nor the Successor Agency is able to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other ad valorem property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Redevelopment Plan Limits

There is a question on the applicability of tax increment limits as to time and amounts established under redevelopment plans after the adoption of AB 26 and AB 1484. The matter remains subject to further guidance from the DOF, legislation and interpretation by the courts. If the cumulative tax increment limit is deemed to no longer be applicable, no interruption of tax increment revenue will occur. For purposes of the projections in this Official Statement and in the Fiscal Consultant's Report appearing in Appendix A, it is assumed that all redevelopment plan limits will be enforced.

Unitary Property

Assembly Bill 2890 (Statutes of 1986, Chapter 1457), which added Section 98.9 to the California Revenue and Taxation Code, provided that, commencing with the Fiscal Year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) was to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be

allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

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

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

The Successor Agency has projected the amount of unitary revenues to be allocated for 2013-14 within the Project Area. Neither the Authority nor the Successor Agency can predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received nor the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies.

Tax Increment Limitation; Senate Bill 211

Assembly Bill 1290 ("AB 1290") was signed into law by the Governor in December 1993 and amends various provisions of the Law. AB 1290 provides for the placement of time limits on the effectiveness of every redevelopment plan, and provides that after 10 years from the termination date of a plan's effectiveness, no redevelopment agency, subject to certain exceptions, will pay indebtedness or receive property taxes in connection therewith. In addition, in connection with the shift of tax increment revenues, (i) SB 1045 allowed the Former Agency to extend the effective date of the related redevelopment plan, and the date to receive Tax Revenues in the Project Area, by one year, and (ii) SB 1096 allowed the Former Agency to extend the effective date of the related redevelopment plan, and the date to receive Tax Revenues, by two years subject to compliance with major housing requirements. The Former Agency has taken such action with respect to SB 1045, and the projections of Tax Revenues reflect such extensions. Pursuant to the related redevelopment plan, the expiration date of the related redevelopment plan is as described in "THE HEMET REDEVELOPMENT PROJECT," herein.

On October 10, 2001 the Governor of the State signed into law Senate Bill 211 ("SB 211"), which allows redevelopment agencies to eliminate the time limits on their ability to incur debt for project areas established prior to January 1, 1994. Additionally, SB 211 allows redevelopment agencies to extend the termination date of their redevelopment plans and the deadline for the receipt of tax increment for the repayment of debt by 10 years for project areas established prior to January 1, 1994. In order to extend the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain findings of blight in the applicable project areas. Additionally, if a redevelopment agency elects to extend the time limits on the incurrence of debt, the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain additional statutory pass-through payments to other taxing entities.

Property Taxes; Teeter Plan

The County utilized a mechanism for the distribution of tax increment revenue to the former redevelopment agencies that has a similar effect on the Successor Agency's tax increment revenues as the device known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's RPTTF on January 2 and the other one-half on June 1; delinquencies are not deducted from the RPTTF revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to RPTTF revenue. Consequently, the Agency is not affected by delinquent tax payments. The overall delinquency rate for the 2013-14 Fiscal Year for all secured properties in the Project Area was 2.8% as of August 12, 2014. However, the County Auditor-Controller's office has indicated that the County may cease to use this mechanism at some future date. There is no indication of when or whether this change may occur or what tax increment distribution mechanism would replace it.

Tax Collection Fees

Legislation enacted by the State Legislature authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge. The County administration fee amounts to approximately 1.15% of the tax increment revenues from a Project Area. The calculations of Tax Revenues take such administrative costs into account.

Future Initiatives

Article XIII A, Article XIII B and Proposition 218 were each adopted as measures that qualified for the ballot under California's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

OTHER INFORMATION

Continuing Disclosure

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

During the last five years, the County and certain of its related entities have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness. The failure to comply fell into two general categories: (i) failure to provide significant event notices with respect to changes in the ratings of outstanding indebtedness, primarily related to changes in the ratings of various bond insurers insuring the indebtedness of the County or its related entities; and (ii) missing, incomplete, or late filing of annual reports with respect to a number of the bond issues. In almost every case with respect to obligations related to the General Fund, such information and reports were available on the County's website and/or available in other continuing disclosure filings made by the County.

Some specific examples of such failures include:

(a) The annual report and financial statements for Fiscal Year 2008-09, the first County filings which were required to be submitted to EMMA after the effective date of revisions to the Rule, were submitted to MSRB with significant delays with respect to each County issuance outstanding during the first quarter of the 2009-10 Fiscal Year, as the County had not yet updated its compliance procedures and filed its annual report and financial statement for such year in accordance with the previously-effective Rule requirements. Subsequently, the County has submitted to EMMA the annual reports and financial statements for Fiscal Year 2008-09.

(b) With respect to the Housing Authority of the County of Riverside Refunding Revenue Bonds 1998 Series A (Corona Projects), no filings were submitted to the MSRB, and with respect to certain redevelopment issuances involving the Riverside County Public Financing Authority, no filings were made to the MRSB in Fiscal Years 2010-11, 2011-12 and 2012-13. Recently, the Housing Authority of the County of Riverside submitted to EMMA for Fiscal Years 2008-09 through 2012-13 the financial statements of the Redevelopment Agency of the City of Corona.

(c) The Successor Agency did not timely file its annual report and Audited Financial Statements for Fiscal Year 2013-14 due December 31, 2014, with respect to its 2014 Tax Allocation Refunding Bonds. The annual report together with the Audited Financial Statements have subsequently been filed.

The County and its related entities have made additional filings to provide certain of the previously omitted information. The County and its related entities have internally reviewed their previous filings and have completed corrective filings on all issues. With respect to notices or rating changes, the County and its related entities have prepared an omnibus corrective notice regarding bond insurer ratings and ratings of the County's general fund debt.

In order to ensure ongoing compliance by the County and its related entities with their continuing disclosure undertakings, (i) the County has instituted new procedures to ensure future compliance and coordination between the County and its related entities; and (ii) the County has contracted with a consultant to assist the County in filing accurate, complete and timely disclosure reports on behalf of the County.

The County was advised by Bank of America Merrill Lynch ("BAML") and Stifel, Nicolaus & Company, Incorporated ("Stifel") that the County was reported by each firm under the current Municipalities Continuing Disclosure Cooperation ("MCDC") initiative of the SEC. The reporting relates to the County of Riverside Asset Leasing Corporation Lease Revenue Bonds, 2012 Series A and 2012 Taxable Series B (County of Riverside Capital Projects) with respect to BAML, and relates to Stifel for the County's Tax and Revenue Anticipation Notes for 2010-2011, 2011-12 and 2012-13, the County of Riverside Asset Leasing Corporation Lease Revenue Bonds (2012 County Administrative Center Refunding Project), and the County of Riverside Asset Leasing Corporation Lease Revenue Bonds, Series 2013A (Public Defender/Probation Building and Riverside County Technology Solutions Center Project), all relating to statements in the official statements for those transactions that the County was in compliance with all continuing disclosure requirements. MCDC is a program allowing issuers and underwriters to voluntarily report non-compliance with disclosure obligations. Additionally, the County self-reported under the provisions of MCDC.

Litigation

At the time of delivery of and payment for the Bonds, the Authority and the Successor Agency, respectively, will certify that, except as disclosed herein, to their respective best knowledge there is no litigation, action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental agency or body, pending against or threatened against the Authority or the Successor Agency in any way affecting the existence of the Authority or the Successor Agency or the titles of its officers to their respective offices or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the Agency Bonds, the application of the proceeds thereof in accordance with the Indenture or the Agency Bonds Indenture, or the collection or application of Tax Revenues to be pledged to pay the principal of and interest on the Bonds or the Agency Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Agency Bonds, the Indenture, the Agency Bonds Indenture, or any action of the Authority or the Successor Agency contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Authority or the Successor Agency or its authority with respect to the Indenture or the Agency Bonds Indenture or any action of the Authority or the Agency contemplated by said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Authority or the Agency or its authority with respect to the Indenture or the Agency Bonds Indenture or any action of the Authority or the Agency contemplated by said documents, or which would adversely affect the exclusion of interest paid on the Bonds from gross income for Federal income tax purposes or the exemption of interest paid on the Bonds from California personal income taxation, nor, to the knowledge of the Authority or the Successor Agency, is there any basis therefor.

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that for the purposes of computing the alternative minimum tax imposed on certain corporations such interest is required to be taken into account in determining certain income and earnings. The opinions described herein are subject to the condition that the Successor Agency and the Authority comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency and the Authority have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded. Owners of Bonds with original issue discount or original issue premium, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax and State of California personal income tax consequences of owning such Bonds.

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

Legal Opinion

Jones Hall, A Professional Law Corporation, San Francisco, California, will render opinions with respect to the validity of the Bonds and the Authority Bonds in substantially the forms set forth in Appendix F hereto. Copies of such approving opinions will be available at the time of delivery of the Bonds.

In addition, Best Best & Krieger LLP, as Disclosure Counsel, will deliver to the Authority and to the Underwriter a letter in customary form concerning the information set forth in this Official Statement.

Ratings

The Insured Bonds have received the rating of "___" by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P") with the understanding that upon execution and delivery of the Insured Bonds the Policy insuring the payment when due of the principal and interest on the Insured Bonds will be issued by _____. In addition, S&P has assigned its underlying rating of "___" on the Bonds.

The rating issued reflects only the view of such rating agency, and any explanation of the significance of such rating should be obtained from such rating agency. There is no assurance that such rating will be retained for any given period of time or will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Bonds.

Underwriting

Citigroup Global Markets Inc. on behalf of itself and Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has agreed to purchase the Bonds at a price of \$_____ (being the principal amount of the Bonds, plus a net original issue premium of \$_____, less an underwriter's discount of \$_____) under a Bond Purchase Contract between the Authority and the Underwriter.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Bonds.

The Underwriter may offer and sell the Bonds to certain dealers and others at a price lower than the offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

Miscellaneous

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

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

RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

APPENDIX A
REPORT OF THE FISCAL CONSULTANT

APPENDIX B

INFORMATION REGARDING THE COUNTY OF RIVERSIDE GENERAL INFORMATION

Set forth below is certain information with respect to the County. Such information was prepared by the County except as otherwise indicated.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,308,441 as of January 1, 2015, representing an approximately 1.1% increase over the County's population as estimated for the prior year. For the ten year period of January 1, 2004 to January 1, 2014, the County's population grew by 25.6%. During this period, the cities of Eastvale, Jurupa Valley, Menifee and Wildomar incorporated, with a total population of 274,393 as of January 1, 2014. Currently, the growth in the County has tempered due to the economy and in recent years the County's population has grown at a rate close to the statewide average.

The following table sets forth annual population figures, as of January 1 of each year, for cities located within the County for each of the years listed:

COUNTY OF RIVERSIDE POPULATION OF CITIES WITHIN THE COUNTY (As of January 1)

<u>CITY</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Banning	29,723	30,051	30,177	30,325	30,491
Beaumont	38,966	38,851	39,787	40,876	42,481
Blythe	20,063	20,440	19,609	18,992	18,909
Calimesa	7,910	8,022	8,096	8,231	8,353
Canyon Lake	10,606	10,721	10,771	10,826	10,901
Cathedral City	51,400	52,108	52,350	52,595	52,903
Coachella	41,339	42,030	42,795	43,633	43,917
Corona	153,047	154,985	156,864	159,132	160,287
Desert Hot Springs	27,277	27,721	27,835	28,001	28,134
Eastvale	54,090	55,770	57,266	59,185	60,633
Hemet	79,309	80,329	80,899	81,537	82,253
Indian Wells	4,990	5,050	5,083	5,137	5,194
Indio	76,817	78,298	81,415	82,398	84,201
Jurupa Valley	-	96,745	97,272	97,774	98,885
Lake Elsinore	52,294	53,183	55,444	56,718	58,426
La Quinta	37,688	38,190	38,412	39,032	39,694
Menifee	79,139	80,831	82,314	83,716	85,385
Moreno Valley	194,451	197,086	198,183	199,258	200,670
Murrieta	104,051	105,300	105,860	106,425	107,279
Norco	26,968	27,123	26,632	26,582	25,891
Palm Desert	48,920	49,619	49,962	50,417	51,053
Palm Springs	44,829	45,414	45,724	46,135	46,611
Perris	69,506	70,391	70,983	72,103	72,908
Rancho Mirage	17,399	17,556	17,643	17,745	17,889
Riverside	306,069	309,407	312,035	314,034	317,307
San Jacinto	44,421	44,937	45,229	45,563	45,895
Temecula	101,255	103,403	104,907	106,289	108,920
Wildomar	32,414	32,818	33,182	33,718	34,148
TOTALS					
Incorporated	1,754,009	1,876,494	1,896,729	1,916,377	1,939,618
Unincorporated	451,722	357,699	358,924	363,590	368,823
County-Wide	<u>2,205,731</u>	<u>2,234,193</u>	<u>2,255,653</u>	<u>2,279,967</u>	<u>2,308,441</u>
California	37,510,766	37,668,804	37,984,138	38,340,074	38,714,725

Source: State Department of Finance, Demographic Research Unit.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other than labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, nontax payments fines, fees, penalties, etc.) and personal contributions to social security insurance and federal retirement payroll deductions. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County and the State for the period 2011 through 2015:

**RIVERSIDE COUNTY AND CALIFORNIA
TOTAL EFFECTIVE BUYING INCOME,
MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME AND
PERCENT OF HOUSEHOLDS WITH INCOMES OVER \$50,000⁽¹⁾**

	Total Effective Buying Income⁽²⁾	Median Household Effective Buying Income	Percent of Households with Income over \$50,000
2011			
Riverside County	\$ 38,492,225	\$44,253	43.07%
California	\$801,393,028	\$47,117	46.78%
2012			
Riverside County	\$ 39,981,683	\$44,116	42.91%
California	\$814,578,458	\$47,062	46.65%
2013			
Riverside County	\$ 40,157,310	\$43,860	42.39%
California	\$864,088,828	\$47,307	46.90%
2014			
Riverside County	\$ 40,293,518	\$44,784	43.84%
California	\$858,676,636	\$48,340	48.17%
2015			
Riverside County	\$ 41,199,300	\$45,576	44.79%
California	\$901,189,699	\$50,072	50.05%

⁽¹⁾ Estimated, as of January 1 of each year.

⁽²⁾ Dollars in thousands.

Source: Nielsen Solution Center.

Personal Income

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

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

Total personal income in Riverside County increased by 73% between 2002 and 2013. The following tables summarize personal income for Riverside County for 2002 through 2013.

PERSONAL INCOME
Riverside County
2002-2013
(Dollars in Thousands)

<u>Year</u>	<u>Riverside County</u>	<u>Annual Percent Change</u>
2002	\$43,976,839	5.4%
2003	47,637,097	8.3
2004	51,612,837	8.3
2005	55,892,377	8.3
2006	61,110,773	9.3
2007	64,194,014	5.0
2008	65,140,132	1.5
2009	63,652,627	(2.3)
2010	65,219,337	2.5
2011	69,757,415	7.0
2012	73,685,111	5.6
2013	76,289,477	3.5

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

The following table summarizes per capita personal income for Riverside County, California and the United States for 2002-2013. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2002-2013

<u>Year</u>	<u>Riverside County</u>	<u>California</u>	<u>United States</u>
2002	\$26,066	\$34,229	\$31,800
2003	26,888	35,303	32,677
2004	27,801	37,156	34,300
2005	28,933	38,964	35,888
2006	30,368	41,623	38,127
2007	30,934	43,152	39,804
2008	30,876	43,608	40,873
2009	29,651	41,587	39,379
2010	29,612	42,282	40,144
2011	31,196	44,749	42,332
2012	32,534	47,505	44,200
2013	33,278	48,434	44,765

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

Industry And Employment

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

RIVERSIDE-SAN BERNARDINO-ONTARIO PMSA
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY⁽¹⁾
(In Thousands)

<u>INDUSTRY</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Agriculture	15.0	14.9	15.0	14.6	14.3
Construction	59.7	59.1	62.6	69.3	77.0
Finance Activities	41.0	39.9	40.8	42.0	42.7
Government	234.3	227.5	224.6	225.0	228.8
Manufacturing:	85.1	85.1	86.7	86.8	90.2
Nondurables	29.8	29.3	29.8	29.8	30.4
Durables	55.3	55.8	56.8	57.0	59.8
Natural Resources and Mining	1.0	1.0	1.2	1.2	1.3
Retail Trade	155.5	158.5	162.3	164.8	168.7
Professional, Educational and other Services	438.5	446.3	463.6	491.4	518.9
Transportation, Warehousing and Utilities	66.6	68.8	73.8	78.6	87.3
Wholesale Trade	48.6	49.0	52.1	56.0	59.0
Information, Publishing and Telecommunications	14.0	12.1	11.5	11.3	11.2
Total, All Industries	<u>1,159.3</u>	<u>1,162.2</u>	<u>1,194.2</u>	<u>1,241.0</u>	<u>1,299.5</u>

⁽¹⁾ The employment figures by industry which are shown above are not directly comparable to the “Total, All Industries” employment figures due to rounded data.

Source: State Employment Development Department, Labor Market Information Division, as of March 2014.

The following table sets forth the major employers located in the County as of 2014:

**COUNTY OF RIVERSIDE
CERTAIN MAJOR EMPLOYERS
(2014)**

<u>Rank</u>	<u>Name of Business</u>	<u>Employees</u>	<u>Type of Business</u>
1.	County of Riverside	19,916	County Government
2.	March Air Reserve Base	8,500	Military Reserve Base
3.	Stater Brothers Market	6,900	Supermarkets
4.	University of California, Riverside	5,514	University
5.	Kaiser Permanente Riverside Medical Center	5,270	Medical Center
6.	Pechanga Resort & Casino	4,500	Casino & Resort
7.	Corona Norco Unified School District	4,300	School District
8.	Walmart	4,068	Retail Stores
9.	Riverside Unified School District	4,000	School District
10.	Hemet Unified School District	3,572	School District

Source: County of Riverside 'Comprehensive Annual Financial Report' for the year ending June 30, 2014.

Unemployment statistics for the County, the State and the United States are set forth in the following table:

**COUNTY OF RIVERSIDE
COUNTY, STATE AND NATIONAL UNEMPLOYMENT DATA**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
County ⁽¹⁾	14.5%	13.7%	2.1%	10.3%	8.2%	6.6%
California ⁽¹⁾	12.4	11.8	10.4	8.9	7.5	6.7
United States ⁽²⁾	9.6	8.9	8.1	7.4	6.2	5.5

⁽¹⁾ Data is not seasonally adjusted. The unemployment data for the County and State is calculated using unrounded data.

⁽²⁾ Data is seasonally adjusted.

Source: State of California Employment Development Department Labor Market Information Division; U.S. Bureau of Labor Statistics

Commercial Activity

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

The following table sets forth taxable transactions in the County for the years 2009 through 2013, the most recent year for which data is currently available:

**COUNTY OF RIVERSIDE
TAXABLE SALES TRANSACTIONS
(In Thousands)**

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Outlets Taxable Transactions</u>
2009	29,829	\$16,057,488	42,765	\$22,227,877
2010	32,534	16,919,500	45,688	23,152,780
2011	33,398	18,576,285	46,886	25,641,497
2012	34,683	20,016,668	46,316	28,096,009
2013	33,391	21,306,774	46,805	30,065,467

Note: In 2009, retail permits expanded to include permits for food services.

Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

Building and Real Estate Activity

The two tables below are a five-year summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) since 2010.

**COUNTY OF RIVERSIDE
BUILDING PERMIT VALUATIONS⁽¹⁾
(In Thousands)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Valuation (\$000):					
Residential	\$1,079,637	\$873,411	\$1,079,405	\$1,375,593	\$1,621,751
Non-Residential	<u>539,379</u>	<u>559,398</u>	<u>657,595</u>	<u>873,977</u>	<u>814,990</u>
Total*	\$1,619,016	\$1,432,809	\$1,737,000	\$2,249,570	\$2,436,741
Residential Units:					
Single Family	4,031	2,659	3,720	4,716	5,007
Multiple Family	<u>526</u>	<u>1,061</u>	<u>909</u>	<u>1,427</u>	<u>1,931</u>
Total	4,557	3,720	4,629	6,143	6,938

* Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

**COUNTY OF RIVERSIDE
NUMBER OF NEW DWELLING UNITS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Single Family	4,031	2,676	3,455	4,671	5,007
Multi-Family	<u>526</u>	<u>1,073</u>	<u>829</u>	<u>1,415</u>	<u>1,931</u>
TOTAL	<u>4,557</u>	<u>3,749</u>	<u>4,284</u>	<u>7,886</u>	<u>6,938</u>

Source: Construction Industry Research Board for 2010 through 2011, California Homebuilding Foundation for 2012 through 2014.

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

**COUNTY OF RIVERSIDE
COMPARISON OF MEDIAN HOUSING PRICES**

<u>Year</u>	<u>Los Angeles</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Southern California⁽¹⁾</u>
2009	320,000	190,000	150,000	270,000
2010	335,000	200,000	155,000	290,000
2011	315,000	195,000	150,000	280,000
2012	330,000	210,000	163,000	300,000
2013	411,000	259,000	205,000	370,000
2014	455,000	293,000	240,000	410,000

⁽¹⁾ Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.
Source: MDA DataQuick Information Systems.

The following table sets forth a comparison of home and condominium foreclosures recorded in Los Angeles County, Riverside County, San Bernardino County and Southern California for the years indicated.

**COUNTY OF RIVERSIDE
COMPARISON OF HOME FORECLOSURES**

<u>Year</u>	<u>Los Angeles</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Southern California⁽¹⁾</u>
2009	29,943	25,309	19,560	100,106
2010	26,827	20,598	16,757	86,853
2011	25,597	17,383	14,181	77,105
2012	15,271	10,657	9,262	47,347
2013	6,469	4,191	4,088	19,470
2014	4,566	2,912	2,984	13,787

⁽¹⁾ Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.
Source: MDA DataQuick Information Systems.

Agriculture

Agriculture remains an important source of income in the County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery, alfalfa, bell peppers, dates, lemons and avocados.

Four areas in the County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near the County's eastern border.

The value of agricultural production in the County for 2009 through 2013 is presented in the following table:

**COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Citrus Fruits	\$ 101,652,000	\$ 140,500,922	\$ 119,942,513	\$ 125,711,000	\$ 142,404,000
Trees and Vines	191,682,600	164,993,960	232,649,262	217,214,000	232,536,000
Vegetables, Melons, Misc.	221,286,700	292,002,337	278,628,295	286,234,000	340,407,000
Field and Seed Crops	69,699,800	81,328,229	149,198,052	147,352,000	154,582,000
Nursery	206,499,900	169,341,300	200,154,964	190,878,000	191,215,000
Apiculture	5,017,600	4,631,700	4,844,400	4,983,000	4,715,000
Aquaculture Products	<u>5,243,900</u>	<u>4,921,700</u>	<u>4,808,250</u>	<u>4,205,000</u>	<u>2,262,000</u>
Total Crop Valuation	\$ 801,082,500	\$ 857,720,148	\$ 990,225,736	\$ 976,577,000	\$1,068,121,000
Livestock and Poultry Valuation	<u>214,672,800</u>	<u>235,926,225</u>	<u>292,030,380</u>	<u>276,553,000</u>	<u>259,683,000</u>
Grand Total	<u>\$1,015,755,300</u>	<u>\$1,093,646,373</u>	<u>\$1,282,256,116</u>	<u>\$1,253,130,000</u>	<u>\$1,327,804,000</u>

Source: Riverside County Agricultural Commissioner

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwest through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses most of the width of the County, the western-most portion of which links up with major cities and freeways in Los Angeles County and the southern part of San Bernardino County, with the eastern part linking to the County's desert cities and Arizona. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County.

Currently, Metrolink provides commuter rail service to Los Angeles, San Bernardino and Orange Counties from several stations in the County. Transcontinental passenger rail service is provided by Amtrak with stops in Riverside and Indio. Freight service to major west coast and national markets is provided by two transcontinental railroads -- Union Pacific Railroad and the Burlington Northern and Santa Fe Railway Company. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. There are also four municipal transit operators in the western County providing services within the cities of Banning, Beaumont, Corona and Riverside. The SunLine Transit Agency provides local bus service throughout the Coachella Valley, service the area from Desert Hot Springs to Oasis and from Palm Springs to Riverside. The Palo Verde Valley Transit Agency provides service in the far eastern portion of the County (City of Blythe and surrounding communities).

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by Los Angeles World Airports, a proprietary department of the City of Los Angeles. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona, and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996. The March AFB Joint Powers Authority (the "JPA"), comprised of the County and the Cities of Riverside, Moreno Valley and Perris, is responsible for planning and developing joint military and civilian use. The JPA has constructed infrastructure improvements, entered into leases with private users and initialized a major business park project.

Education

There are four elementary school districts, one high school district, eighteen unified (K-12) school districts and four community college districts in the County. Ninety-five percent of all K-12 students attend schools in the unified school districts. The three largest unified school districts are Corona-Norco Unified School District, Riverside Unified School District and Moreno Valley Unified School District.

There are seven two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley and Palo Verde Valley. There are also three universities located in the City of Riverside -- the University of California, Riverside, La Sierra University and California Baptist University.

Environmental Control Services

Water Supply. The County obtains a large part of its water supply from groundwater sources, with certain areas of the County, such as the City of Riverside, relying almost entirely on groundwater. As in most areas of Southern California, this groundwater source is not sufficient to meet countywide demand and the County's water supply is supplemented by imported water. At the present time, imported water is provided by Metropolitan Water District from the Colorado River via the Colorado River Aqueduct and the State Water Project via the Edmund G. Brown California Aqueduct. In the Southwest area of the County, 80% of the water supply is imported.

At the regional and local level, there are several water districts that were formed for the primary purpose of supplying supplemental water to the cities and agencies within their areas. The Coachella Valley Water District, the Western Municipal Water District and the Eastern Municipal Water District are the largest of these water districts in terms of area served. The San Geronio Pass Water Agency, Desert Water Agency, Palo Verde Irrigation District and Rancho California Water District also provide supplemental water to cities and agencies within the County.

The uncertainty associated with long-term water supply is a major concern of local and regional water agencies in California, especially southern California, which has been exacerbated due to the recent drought. The governor and the state legislature have been engaged in discussions to develop a comprehensive, state-wide water supply, storage and conveyance solution. However, no assurance can be made that a sustainable solution will be achieved within a reasonable timeframe.

Consequently, the Board of Supervisors adopted Ordinance 859.2 -Water Efficient Landscaping Ordinance, which conforms to AB 1881. AB 1881 requires that measures be taken to assure the maintenance and protection of natural resources (water) by requiring that the resources be conserved through the implementation of water efficient landscape practices for new developments. As an added measure, the Board of Supervisors amended Policy H-25 requiring the retrofit of public buildings to conform to the requirements of Ordinance 859.2.

Flood Control. Primary responsibility for planning and construction of flood control and drainage systems within the County is provided by the Riverside County Flood Control and Water Conservation District and the Coachella Valley Water District, Storm Water Unit.

Sewage. There are 18 wastewater treatment agencies in the County's Santa Ana River region and nine in the County's Colorado River Basin region. Most residents in rural areas of the County which are unsewered rely upon septic tanks and leach fields for sewage disposal.

APPENDIX C

**AUDITED FINANCIAL STATEMENTS
FOR THE CITY OF HEMET
FOR FISCAL YEAR ENDED JUNE 30, 2014**

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

APPENDIX E

DTC AND THE BOOK ENTRY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payment of principal of, premium, if any, and interest on the Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the Authority believes to be reliable, but the Authority does not take responsibility for the completeness or accuracy thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of principal, premium, if any, and interest with respect to the Bonds or (b) certificates representing ownership interests in or other confirmation of ownership interests in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity (and each individual yield in the case of bifurcated maturities) of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com; provided that nothing contained in such website is incorporated into this Official Statement.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive

certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF BONDS FOR REDEMPTION.

DTC (or a successor securities depository) may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority. The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC (or a successor securities depository) with respect to the Bonds. The Authority undertakes no obligation to investigate matters that would enable the Authority to make such a determination. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

THE AUTHORITY AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR PREMIUM, IF ANY, WITH RESPECT TO THE BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY REDEMPTION NOTICES OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE AUTHORITY AND THE UNDERWRITERS ARE NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANT TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE BONDS OR AN ERROR OR DELAY RELATING THERETO.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority deems reliable, but the Authority takes no responsibility for the accuracy thereof.

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

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered as described in the Indenture and payment of interest to each Owner who owns of record \$1,000,000 or more in aggregate principal amount of Bonds may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15th day after the Trustee's receipt of such request.

APPENDIX F

**FORM OF OPINION OF BOND COUNSEL
BOND COUNSEL OPINION FOR AUTHORITY BONDS**

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of _____, 2015, (this "Disclosure Agreement"), is by and between the RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the "Authority"), and the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body, corporate and politic, duly organized and existing pursuant to the Community Redevelopment Law of the State of California (as successor agency to the County of Riverside Redevelopment Agency, the "Agency"), in connection with the issuance of the Authority's 2015 Tax Allocation Revenue Bonds, Series A (the "Authority Bonds") pursuant to an Indenture of Trust, dated as of _____, 2015 (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Authority Trustee").

WITNESSETH:

WHEREAS, the County of Riverside (the "County") has developed a program (the "Refunding Program") to assist the successor agencies to former community redevelopment agencies within the County to refund tax increment obligations pursuant to California Assembly Bill 1484 (Stats 2012 c. 26) ("AB 1484") in order to provide debt service savings to successor agencies and to increase property tax revenues available for distribution to affected taxing entities, including the County; and

WHEREAS, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue its bonds for the purpose of purchasing certain local obligations issued by certain local agencies, including tax allocation refunding bonds issued by said successor agencies, as described in Section 34177.5(a)(1) of the California Health and Safety Code; and

WHEREAS, the Authority has determined to issue the Authority Bonds in order to provide funds to acquire bonds issued by the Agency, in order to assist the Agency in refunding certain of its outstanding bonds pursuant to AB 1484; and

WHEREAS, the Agency has issued its Tax Allocation Refunding, _____ (the "Series __ Bonds") (the "Refunding Bonds") pursuant to three separate Indentures of Trust, each dated as of _____, 2015 (the "Indenture"), by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Agency Trustee"), as amended or supplemented from time to time in accordance with its terms; and

WHEREAS, such Refunding Bonds will be secured by a pledge of, and lien on, and shall be repaid from Tax Revenues deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172 of the California Health and Safety Code; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Authority and the Agency for the benefit of the holders and beneficial owners of the Authority Bonds and in order to assist the underwriters of the Authority Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

“**Annual Report**” means any Annual Report provided by the Agency pursuant to, and as described in, Sections 2 and 3 hereof.

“**Annual Report Date**” means the date in each year that is the first day of the month following the ninth month after the end of the Agency’s fiscal year, which date, as of the date of this Disclosure Agreement, is December 31, commencing December 31, 2015.

“**Agency**” means the Successor Agency to the Redevelopment Agency for the County of Riverside, a public body, corporate and politic, duly organized and existing under and pursuant to the Law.

“**Agency Trustee**” means The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture, or any successor thereto as trustee thereunder, substituted in its place as provided therein.

“**Authority**” means the Riverside Public Financing Authority duly organized and existing under and pursuant to the laws of the State of California and a Joint Exercise of Powers Agreement, dated as of March 20, 1990, between the County and the Redevelopment Agency for the County of Riverside.

“**Authority Trustee**” means The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture, or any successor trustee substituted in its place as provided therein.

“**Bonds**” means, collectively, the Authority Bonds and the Refunding Bonds.

“**County**” means the County of Riverside, a political subdivision of the State of California.

“**County Auditor-Controller**” means the Auditor-Controller of the County of Riverside.

“**Disclosure Representative**” means the Agency or other entity as shall designate in writing to the Authority and the Dissemination Agent (if other than the Authority) from time to time.

“**Dissemination Agent**” means the Authority, acting in its capacity as Dissemination Agent hereunder, or any successor dissemination agent designated in writing by the Authority and which has filed with the Authority and the Agency a written acceptance of such designation.

“**Listed Events**” means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

“**MSRB**” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“**Official Statement**” means the Official Statement, dated _____, 2015, relating to the Authority Bonds.

“**Participating Underwriter**” means any of the original underwriters of the Authority Bonds required to comply with the Rule in connection with the offering of the Authority Bonds.

“**Project Area**” shall have the meaning specified in the Official Statement.

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

Section 2. Provision of Annual Reports. (a) The Agency shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report which is consistent with the requirements of Section 3 hereof,

not later than the Annual Report Date, commencing with the report for the 2014-15 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Agency, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Agency's fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Authority Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the Agency shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Agency and the Dissemination Agent to determine if the Agency is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) of this Section, the Dissemination Agent shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) provide any Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the Authority and the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The Annual Report shall be prepared by the Agency and shall contain or include by reference the following:

(a) The Agency's separate audited financial statements, or the City's audited financial statements including Agency operations as a trust fund, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements in a format similar to that used for the audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Agency, substantially similar to that provided in the corresponding tables relating to the Agency and the Project Area in the Official Statement (and where not specified by date or period for the preceding fiscal year):

(i) Taxable assessed values for the most recent fiscal year in substantially the format of Tables __ of the Official Statement;

(ii) An update of the ten largest assessees in substantially the format of Tables __ of the Official Statement for the most recent fiscal year;

(iii) An update of Debt Service Coverage for the Bond Year ending on the immediately preceding September 1 in substantially the format of Tables __ of the Official Statement;

(iv) If the Agency is not in a County Teeter Plan, tax levy, percentage of current year levy collected, percentage of current levy delinquent, total collections and total collections as a percentage of the most recent year's tax levy;

(v) Information related to Project Area assessed valuation appeals by top ten taxpayers.

(c) In addition to any of the information expressly required to be provided under subsections (a) and (b) of this Section, the Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

Any or all of the items described above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Agency shall give, or cause to be given with respect to the Refunding Bonds, and hereby authorizes the Authority to give, or cause to be given, with respect to the Authority Bonds, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies.
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (iv) Substitution of credit or liquidity providers, or their failure to perform.
- (v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).
- (vi) Tender offers.
- (vii) Redemptions and Defeasances.
- (viii) Rating changes.
- (ix) Bankruptcy, insolvency, receivership or similar event of the obligated person.

For purposes of the event identified in paragraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section, the Agency shall give, or cause to be given with respect to the Refunding Bonds, and hereby authorizes the Authority to give, or cause to be given, with respect to the Authority Bonds, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) Unless described in paragraph (v) of subsection (a) of this Section, other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds.

(ii) Modifications to rights of holders of the Bonds.

(iii) Optional, unscheduled or contingent Bond calls.

(iv) Release, substitution, or sale of property securing repayment of the Bonds.

(v) Non-payment related defaults.

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) The Authority shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative and the Dissemination Agent and inform such persons of the event.

(d) Whenever the Agency or the Authority obtains knowledge of the occurrence of a Listed Event described in subsection (b) of this Section, the Agency or the Authority, as applicable shall determine if such event would be material under applicable Federal securities law.

(e) Whenever the Agency or the Authority obtains knowledge of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that the occurrence of a Listed Event described in subsection (b) of this Section is material under subsection (d) of this Section, the Agency or the Authority, as applicable shall, or shall cause the Dissemination Agent (if the Authority is not the Dissemination Agent) to, file a notice of the occurrence of such Listed Event with the MSRB within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (a) of this Section and in paragraph (vii) of subsection (a) of this Section need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Authority Bonds pursuant to the Indenture.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The obligations of the Agency, the Authority and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Authority Bonds relating to the Refunding Bonds or the legal defeasance, prior prepayment or payment in full of all of the Refunding Bonds, if earlier. If such termination occurs prior to the final principal payment date of the Authority Bonds, the Authority shall give notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent (if the Authority is not the Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent (if other than the Authority or the Authority Trustee), with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the Authority and the Agency.

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

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsections (a) or (b) of Section 4 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Authority Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Authority Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by holders of the Authority Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of holders or beneficial owners of the Authority Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Agency shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Section 10. Default. The parties hereto acknowledge that in the event of a failure of the Authority, the Agency or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Authority Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate amount of principal evidenced by Outstanding Authority Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Authority Trustee), or any holder or beneficial owner of the Authority Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, the Agency or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure

Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall (so long as the Authority is the Dissemination Agent) be entitled to the protections and limitations from liability afforded to the Authority under the Indenture. The Dissemination Agent shall be not responsible for the form or content of financial statements made part of any Annual Report or notice of Listed Event or for information sourced to the Agency. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent (if other than the Authority or the Authority acting in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law, the Agency shall indemnify and save the Dissemination Agent (if other than the Authority) and the Authority harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or its willful misconduct. The obligations of the Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Authority Bonds and the Refunding Bonds.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Agency, the Dissemination Agent, the Participating Underwriter and the holder and beneficial owners from time to time of the Authority Bonds, and shall create no rights in any other person or entity.

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

[Balance of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY**

By: _____
Treasurer

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE**

By: _____

ACCEPTED AND AGREED:

**RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY, as Dissemination Agent**

By: _____
Authorized Officer

ACKNOWLEDGED AND AGREED:

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Authority Trustee**

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Riverside County Public Financing Authority
Name of Issue: Riverside County Public Financing Authority
2015 Tax Allocation Revenue Bonds, Series A
(Project Area No. 1, Desert Communities and Interstate 215 Corridor Projects)
Obligated Person: Successor Agency to the Redevelopment Agency for the County of Riverside
Date of Issuance: _____, 2015

NOTICE IS HEREBY GIVEN that the Successor Agency to the Redevelopment Agency to the County of Riverside (the "Agency") has not provided an Annual Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement, dated as of December 1, 2015, by and between the Riverside County Public Financing Authority and the Agency. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

**RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY, as Dissemination Agent, on
behalf of the Successor Agency to the
REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE**

cc: Successor Agency to the Redevelopment Agency for the County of Riverside

APPENDIX H

**STATE DEPARTMENT OF FINANCE
DETERMINATION LETTER APPROVING THE BONDS**

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

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2015

NEW ISSUE
BOOK ENTRY ONLY

INSURED RATING: S&P: “_”
UNDERLYING RATING: S&P: “_”

In the opinion of Jones Hall, A Professional Law Corporation, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the 2015 Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that for the purposes of computing the alternative minimum tax imposed on certain corporations such interest is required to be taken into account in determining certain income and earnings. Interest on the 2015 Series A Bonds is exempt from California personal income taxes. See “OTHER INFORMATION – Tax Matters” herein.

\$ _____
*
**Successor Agency to the
Redevelopment Agency for the County of Riverside
2015 Tax Allocation Housing Refunding Bonds, Series A**

Dated: Date of Delivery

Due: October 1, as shown on inside cover

The Successor Agency to the Redevelopment Agency for the County of Riverside (the “Agency” or “Successor Agency”) 2015 Tax Allocation Housing Refunding Bonds, Series A (the “2015 Series A Bonds” or the “Bonds”) will be secured under an Indenture of Trust (the “Indenture”), dated as of December 1, 2004 (the “2004 Indenture”) as amended, including as amended by that Sixth Supplement to Indenture of Trust dated as of _____, 2015 (the “Sixth Supplement,” and together with the 2004 Indenture, the “Indenture”), each, by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The payments due under the Indenture are secured by a pledge of, security interest in and lien on Housing Tax Revenues (as defined in the Indenture and described herein) and payable on a parity with certain other obligations described herein allocated as described herein. See “SECURITY FOR THE BONDS” herein.

The Bonds are being issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers of interests in the Bonds will not receive certificates from the Successor Agency or the Trustee representing their interest in the Bonds purchased. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year, commencing April 1, 2016. Payments of principal, premium, if any, and interest on the Bonds will be payable by the Trustee, to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as more fully described herein.

The Bonds are subject to optional redemption prior to maturity and mandatory sinking fund redemption as described herein. See “THE BONDS — Redemption of the Bonds” herein.

The Successor Agency has applied for a municipal bond insurance policy and a reserve fund surety bond and will decide whether to purchase any such policy and/or surety bond in connection with the offering of the Bonds. Such information will be released prior to offering the Bonds and will be included in the Official Statement.

The Bonds are a special obligation of the Agency payable solely from Housing Tax Revenues and moneys held under the Indenture. Neither the County of Riverside (the “County”) nor the State of California shall be obligated to pay the principal of the Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the Agency, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriations for their payment. The Agency does not have any taxing power. **The Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.**

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

For a discussion of some of the risks associated with a purchase of the Bonds, see “BOND OWNERS’ RISKS” herein.

MATURITY SCHEDULE
See inside front cover

The Bonds are offered when, as and if issued, subject to the approval of their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain disclosure matters will be passed upon for the Agency as Disclosure Counsel by Best Best & Krieger LLP, Riverside, California. Certain matters will be passed on for the Agency by the Office of the County Counsel, County of Riverside, and for the Underwriters by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in definitive form on or about _____, 2015.

Citigroup

Stifel

Dated: _____

* Preliminary, subject to change.

\$ _____^{*}
Successor Agency to the
Redevelopment Agency for the County of Riverside
2015 Tax Allocation Housing Refunding Bonds, Series A

MATURITY SCHEDULE

\$ _____^{*}
Serial Bonds
(Base CUSIP[†]: _____)

<u>Maturity Date (October 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
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\$ _____ % Term Bond Due October, _____, Yield: _____%, Price: _____, CUSIP: _____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by S&P Capital IQ. Copyright© 2015 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. The Successor Agency to the Redevelopment Agency for the County of Riverside and the Underwriters do not take any responsibility for the accuracy of the CUSIP® numbers.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Successor Agency to give any information or to make any representations in connection with the offer or sale of the Bonds other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful.

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking" statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions. The achievement of certain results or other expectations contained in such forward-looking statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. No assurance is given that actual results will meet the forecasts of the Successor Agency in any way, regardless of the optimism communicated in the information, and such statements speak only as of the date of this Official Statement. The Successor Agency disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the expectations of the Successor Agency with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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

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

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

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

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE**

BOARD OF SUPERVISORS

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

SUCCESSOR AGENCY/COUNTY STAFF

Jay Orr, County Executive Officer
Don Kent, Treasurer
Kecia Harper-Ihem, Secretary
Gregory P. Priamos, County Counsel

SPECIAL SERVICES

Trustee

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel

Best Best & Krieger LLP
Riverside, California

Financial Advisor

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

Fiscal Consultant

Urban Analytics, LLC
San Francisco, California

Verification Agent

Barthe & Wahrman PA CPA's
Minneapolis, Minnesota

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**Successor Agency to the
Redevelopment Agency for the County of Riverside
2015 Tax Allocation Housing Refunding Bonds, Series A**

INTRODUCTION

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

Changes from the Preliminary Official Statement

The Official Statement contains certain changes since the date of the Preliminary Official Statement including information regarding the County and certain underwriters' participation in the SEC's Municipal Continuing Disclosure Cooperation initiative. See the caption "CONTINUING DISCLOSURE" herein.

General

This Official Statement, including the cover page, inside cover page, and appendices hereto, provides information in connection with the issuance by the Successor Agency to the Redevelopment Agency for the County of Riverside (the "Agency" or the "Successor Agency") of its 2015 Tax Allocation Housing Refunding Bonds, Series A in the aggregate principal amount of \$ _____* (the "Bonds").

Purpose

The Bonds are being issued (i) to refinance certain outstanding obligations of the Agency relating to low and moderate income housing, (ii) to pay the cost of a reserve fund surety policy for the Bonds, and (iii) to pay costs of issuance of the Bonds, including the financial guaranty insurance premium for the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are being issued by the Successor Agency pursuant to the Community Redevelopment Law, constituting Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law"), the provisions of Assembly Bill X1 26, consisting of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by Assembly Bill 1484 (the "Dissolution Act") and Article 11 (commencing with Section 53588) of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California (the "Refunding Law").

The Successor Agency will issue its Bonds pursuant to an Indenture of Trust dated as of December 1, 2004 (the "2004 Indenture") as amended and supplemented, including as amended and supplemented by the Sixth Supplement to Indenture of Trust (the "Sixth Supplement," and together with the 2004 Indenture, the "Indenture") dated as of _____, by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), the proceeds of which will be used to refund all or portion of certain bonds and indebtedness of the Successor Agency as more fully described herein.

The Bonds will be payable from, and secured by, property tax revenues (formerly tax increment revenues) related to all of the Successor Agency's Project Areas, defined herein, which will include moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund ("RPTTF") established under the Dissolution Act, in particular, those amounts required to be deposited into the Former Agency's, as defined

* Preliminary, subject to change.

herein, Low and Moderate Income Housing Fund to the extent required to pay debt service on the Bonds and any Parity Bonds as provided in the California Health and Safety Code as more fully described herein. Collectively, such tax increment revenues subject to a pledge under the Indenture are referred to herein as "Housing Tax Revenues." The lien on Housing Tax Revenues is on a parity with the Agency's outstanding 2004A-T Bonds, 2010 Bonds, 2011 Bonds, and 2014 Bonds, as defined herein. See "SECURITY FOR THE BONDS."

The issuance of the 2015 Series A Bonds was subject to review and approval under the Dissolution Act, of the Successor Agency's Oversight Board (the "Oversight Board"), as described below, and the Department of Finance of the State of California (the "State Department of Finance"). All such approvals have been obtained. See "SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE."

The Oversight Board for the Successor Agency approved the issuance of the 2015 Series A Bonds by the Successor Agency by resolution adopted on _____ (the "Oversight Board Resolution"). The Department of Finance of the State of California released its letter approving the Oversight Board Resolution approving the issuance of the Bonds on _____. See Appendix I "STATE DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE BONDS."

The County and the Successor Agency

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

The Successor Agency. As described below, the Successor Agency has succeeded to certain rights of the Redevelopment Agency for the County of Riverside (the "Former Agency"). The Former Agency was organized by the County Board of Supervisors in 1985, to exercise the powers granted by the California Community Redevelopment Law (Sections 33000 et seq. of the California Health and Safety Code) (the "Redevelopment Law").

Pursuant to California legislation enacted in 2011 and 2012 (as more fully described herein, the "Dissolution Act"), redevelopment agencies in California, including the Former Agency, were dissolved, and with certain exceptions, could no longer conduct redevelopment activities. The Successor Agency, however, is authorized to continue to refinance existing bonds in order to achieve a savings in debt service. See "-The Project Area" below. See also "SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE" for a discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

Pursuant to the Dissolution Act, the County has elected to serve as the Successor Agency. However, the Dissolution Act expressly clarifies that the County and the Successor Agency are separate public entities. None of the liabilities of the Former Agency are transferred to the County by the virtue of the County's election to serve as the Successor Agency.

The Project Areas

The Former Agency was activated on August 6, 1985, by ordinance of the Board of Supervisors (the "Board") of the County under the Redevelopment Law. The Board at the same time declared itself to be the governing body of the Former Agency.

There are five separate Project Areas designated as follows and more particularly described under the caption "THE PROJECT AREAS:"

- Redevelopment Project Area No. 1-1986 (the "Project Area No. 1-1986"),
- Jurupa Valley Redevelopment Project Area (the "Jurupa Valley Project Area"),
- Mid-County Redevelopment Project Area (the "Mid-County Project Area"),
- Desert Communities Redevelopment Project Area (the "Desert Communities Project Area"),
- Interstate 215 Corridor Redevelopment Project Area (the "Interstate 215 Corridor Project Area").

Under the Dissolution Act, the Bonds are secured by a pledge of, and payable from moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held and administered by the Office of the Auditor Controller of the County of Riverside (the "County Auditor-Controller") with respect to the Successor Agency (the "Redevelopment Property Tax Trust Fund"). DISCUSSIONS HEREIN REGARDING HOUSING TAX REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE COUNTY AUDITOR-CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND EQUAL TO SUCH HOUSING TAX REVENUES. The Dissolution Act authorizes the issuance of bonds by a successor agency to refund bonds previously issued by a former redevelopment agency, which bonds may be secured by a pledge of property tax increment with the same legal effect as if the Bonds had been issued prior to the Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date. See "SECURITY FOR THE BONDS – Agency Indenture."

Terms of the Bonds

The Bonds will be issued in denominations of \$5,000 and any integral multiple thereof (the "Authorized Denominations"). The Bonds will be dated their date of delivery and are payable with respect to interest semiannually each April 1 and October 1, commencing on April 1, 2016.

The Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the Bonds. See APPENDIX E "DTC AND THE BOOK ENTRY SYSTEM" attached hereto.

The Bonds are subject to redemption prior to maturity, as described herein. See "THE BONDS – Redemption of the Bonds" herein.

Security for the Bonds

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies in the Project Area thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the Housing Tax Revenues and certain other amounts pledged under the Indenture, and the Agency is not obligated to pay the Bonds except from such Housing Tax Revenues and such other amounts. The Bonds are payable as set forth in the Indenture, are not a debt of the County, the State of California or any other political subdivision of the State (except the Successor Agency, to the extent described herein), and neither the State, the County nor any of the State's other political subdivisions (except the Successor Agency, to the extent described herein) is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

Housing Tax Revenues. Proceeds of the 2015 Series A Bonds will be applied to the refunding of all of the Former Agency's outstanding 2005 Bonds (hereinafter defined, see "PLAN OF FINANCE"). The 2005 Bonds are payable from and secured by a pledge of, security interest in and lien on "Housing Tax Revenues," which consist of tax increment revenues that were required by the Redevelopment Law to be deposited in the Former Agency's Low and Moderate Income Housing Fund, that is, not less than twenty percent (20%) of the tax increment revenues allocated to the Former Agency with respect to the Project Areas. See "SECURITY FOR THE BONDS – Agency Indenture."

Section 34177.5(a)(1)(B) of the Dissolution Act provides that "the successor agency may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, and that pledge, when made in connection with the issuance of such refunding bonds or other indebtedness, shall have the same lien priority as the pledge of the bonds or other obligations to be refunded, and shall be valid, binding, and enforceable in accordance with its terms."

Based on the authority granted by Section 34177.5(a)(1)(B), the Successor Agency has pledged to the payment of debt service on the 2015 Series A Bonds the same Housing Tax Revenues pledged to the payment of the 2005 Bonds. Accordingly, although for most purposes under the Dissolution Act tax increment revenues are no longer required to be set aside to finance low and moderate income housing, for purposes of the payment of debt service on the 2015 Series A Bonds, Housing Tax Revenues must be made available in compliance with the authority to pledge such Housing Tax Revenues that is granted to the Successor Agency by Section 34177.5(a)(1)(B) of the Dissolution Act.

Additional Debt. As more fully described under "SECURITY FOR THE BONDS," the Agency may issue or incur additional obligations on a parity with the pledge of the Housing Tax Revenues securing the Bonds if certain conditions are met under the Indenture and the Dissolution Act. The Successor Agency will not be permitted to issue any obligations with a lien senior to the lien of the Bonds.

Outstanding Parity Bonds. As more fully described under "SECURITY FOR THE BONDS," the Agency has outstanding certain bonds payable on a parity basis with the Bonds. The Former Agency issued its \$37,000,000 original principal amount of 2004 Housing Tax Allocation Bonds, Series A-T (the "2004 A-T Bonds"), currently outstanding in the aggregate principal amount of \$26,580,000. The Former Agency issued its \$15,885,000 original principal amount of 2010 Housing Tax Allocation Bonds, Series A (the "2010A Bonds"), currently outstanding in the aggregate principal amount of \$15,885,000. The Former Agency issued its \$50,860,000 original principal amount of 2010 Housing Tax Allocation Bonds, Series A-T (Taxable) (the "2010 A-T Bonds," and, together with the 2010A Bonds, the "2010 Bonds") currently outstanding in the aggregate principal amount of \$48,280,000. The Former Agency has issued its \$14,093,000 original principal amount of 2011 Housing Tax Allocation Bonds, Series A (the "2011A Bonds") currently outstanding in the aggregate principal amount of \$16,254,186. The Former Agency issued its \$14,095,000 original principal amount of 2011 Housing Tax Allocation Bonds, Series A-T (the "2011 A-T Bonds," and, together with the 2011A Bonds, the "2011 Bonds") currently outstanding in the aggregate principal amount of \$10,330,000. The Successor Agency issued its \$36,465,000 original principal amount of 2014 Tax Allocation Refunding Bonds, Series A (the "2014 Bonds"), currently outstanding in the amount of \$36,465,000. All of the 2004 A-T Bonds,

the 2010 Bonds, the 2011 Bonds and the 2014 Bonds are payable from Housing Tax Revenues on a parity with the 2015 Series A Bonds.

Reserve Account. In order to further secure the payment of the principal of and interest on the 2015 Series A Bonds, a Reserve Account in the Special Fund is established under the Indenture in an amount equal to the Reserve Requirement, as defined in the Indenture (the "Reserve Requirement"). [The Agency may fund all or a portion of the Reserve Account with a Debt Service Reserve Fund Policy issued by the Insurer.]

Application for Municipal Bond Insurance

The Successor Agency has applied for a municipal bond insurance policy and a reserve fund surety bond and will decide whether to purchase any such policy and/or surety bond in connection with the offering of the Bonds. Such information will be released prior to offering the Bonds and will be included in the Official Statement.

Professionals Involved in the Offering

The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will act as trustee with respect to the Bonds under the Indenture.

C.M. de Crinis & Co. Inc., Glendale, California, has acted as Financial Advisor to the Agency in the structuring and presentation of the financing.

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

All proceedings in connection with the issuance of the Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Best Best & Krieger LLP is acting as Disclosure Counsel. Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, will be acting as counsel to the Underwriters. The Office of the County Counsel of the County of Riverside will pass on certain matters for the Agency as its general counsel. The fees and expenses of the Financial Advisor, Bond Counsel, Disclosure Counsel and Underwriters' Counsel are contingent upon the sale and delivery of the Bonds.

Continuing Disclosure

With respect to continuing disclosure, the Agency will prepare and provide annual updates of the information contained in the tables included in this Official Statement with respect to property tax revenues, collections, any material delinquencies, principal taxpayers, and plan limit calculations and notices of enumerated events and all other remaining annual information required under the Continuing Disclosure Certificate. The Agency will act as Dissemination Agent and will file the annual reports and notices with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA"). See the caption "CONTINUING DISCLOSURE" and APPENDIX G "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Reference to Underlying Documents

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

PLAN OF FINANCE

The Bonds are being issued (i) to refinance the 2005 Bonds as more fully described below, (ii) to fund the costs of a Reserve Account surety policy, and (iii) to pay costs of issuance of the Bonds, including the cost of the financial guaranty insurance premium for the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Former Agency previously issued its \$18,245,000 original principal amount of 2005 Housing Tax Allocation Bonds, Series A (the "2005 Bonds"). The 2005 Bonds were issued pursuant to an Indenture of Trust, dated as of December 1, 2004 as supplemented by the First Supplement to Indenture of Trust, dated as of April 1, 2005, each by and between the Former Agency and the Bank of New York Mellon Trust Company, N.A., as succeeded by the Trustee (together, the "2005 Indenture").

On the date of issuance of the Bonds, a portion of the proceeds will be transferred to the Trustee for deposit into the redemption fund established for the 2005 Bonds, under certain Irrevocable Refunding Instructions dated as of _____, 2015 (the "Refunding Instructions") delivered by the Successor Agency to the Trustee. As of _____, 2015, \$14,650,000 of the 2005 Bonds will be outstanding and are anticipated to be redeemed on _____, 2015. The amount deposited in the redemption fund for the 2005 Bonds, together with other available moneys, will be held uninvested, or invested in certain federal securities and irrevocably pledged for the payment of the 2005 Bonds on their date of redemption.

The sufficiency of the deposits in the redemption fund for the 2005 Bonds for those purposes will be verified by Barthe & Wahrman PA CPA's (the "Verification Agent"), See "OTHER MATTERS – Verification of Mathematical Accuracy." Assuming the accuracy of the Verification Agent's computations, as a result of the deposit and application of funds as provided in the redemption fund for the 2005 Bonds, the Successor Agency's obligations under the 2005 Indenture related to the 2005 Bonds will be discharged.

The amounts held and invested by the Trustee for the respective 2005 Bonds in the redemption fund are pledged solely to the payment of amounts due and payable by the Agency under the 2005 Indenture. Neither the funds deposited in the redemption funds for the 2005 Bonds nor the interest on the invested funds will be available for the payment of debt service on the Bonds.

See "ESTIMATED SOURCES AND USES OF FUNDS" below.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:*

Par Amount of Bonds
Net Original Issue Premium (Discount)
TOTAL SOURCES:

Uses:*

Costs of Issuance⁽¹⁾
Deposit to Redemption Fund
TOTAL USES:

⁽¹⁾ Includes Underwriters' Discount, legal fees, printing, rating agency fees and expenses, fees of the Financial Advisor, fees of the Fiscal Consultant, insurance policy premium, Reserve Policy premium and other issuance costs of the Bonds.

* Preliminary, subject to change.

ANNUAL DEBT SERVICE REQUIREMENTS OF THE BONDS

The following table provides the annual debt service requirements of the Bonds.

Year Ending <u>(October 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Grand Total</u>
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THE BONDS

General

The Bonds will be dated as of the date of original delivery (the "Closing Date"), will bear interest at the rates per annum and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Bonds will be issued in fully registered form, without coupons, in the denomination of \$5,000 each or any integral multiple thereof. Interest on the Bonds is payable semiannually on April 1 and October 1 of each year, commencing _____ (each an "Interest Payment Date"). Principal of and premium, if any, on the Bonds is payable upon the surrender thereof at the corporate trust office of the Trustee in Los Angeles, California. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the registered owners as of the fifteenth day of the month preceding the Interest Payment Date (the "Record Date"). At the written request of an Owner of the Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, interest on the applicable Bonds shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request (any such written request shall remain in effect until rescinded in writing by the Owner). The principal of and premium (if any) on the Bonds shall be payable in lawful money of the United States of America by check or draft of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

Notwithstanding the foregoing, while the Bonds are held in the book-entry only system of DTC, all such payments of principal, interest and premium, if any, will be made to Cede & Co. as the registered owner of the Bonds, for subsequent disbursement to Participants and beneficial owners. See APPENDIX E "DTC AND THE BOOK-ENTRY SYSTEM."

Redemption of the Bonds

Optional Redemption.* The Bonds maturing on or after October 1, _____ may be called before maturity and redeemed at the option of the Successor Agency, in whole or in part, from any source of funds, on any date on or after October 1, _____, among maturities at the discretion of the Successor Agency and by lot within a maturity. Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of Bonds to be redeemed plus accrued interest to the redemption date, without premium.

Mandatory Sinking Fund Redemption.* The Bonds maturing on October 1, _____ (the "Term Bonds"), are subject to mandatory sinking fund redemption in part by lot at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium, in the aggregate respective principal amounts and on October 1, in the respective years as set forth in the following tables; provided, however, that in lieu of mandatory sinking fund redemption thereof such Bonds may be purchased by the Agency pursuant to the Indenture:

Bonds Maturing October 1, _____

Redemption Date
(October 1)

Amount

_____ (maturity)

In the event that the Term Bonds have been optionally redeemed in part, the total amount of all future sinking account payments set forth for the above Term Bonds will be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among each sinking account payment for the Term Bonds on a pro rata basis in integral multiples of \$5,000 as determined by the Trustee. In lieu of depositing cash with the

* Preliminary, subject to change.

Trustee as a mandatory sinking account payment, the Successor Agency shall have the option to tender to the Trustee for cancellation at least 60 days prior to a sinking account redemption date any amount of Term Bonds purchased by the Successor Agency which Term Bonds may be purchased by the Agency at public or private sale as and when and at such prices as the Successor Agency may in its discretion determine. The par amount of any Term Bonds so purchased by the Agency and tendered to the Trustee in any twelve month period ending on August 1, in any calendar year shall be credited towards and shall reduce the next mandatory sinking account payments required to be made in the order in which they are required to be made, as shown above.

Notice of Redemption; Rescission

Notice of redemption shall be given by the Trustee for and on behalf of the Successor Agency, not less than 30 nor more than 60 days prior to the redemption date by first class mail or such other acceptable means to each of the Owners designated for redemption at their addresses appearing on the Bond registration books of the Trustee on the date such Bonds are selected for redemption. Each notice of redemption shall (a) state the redemption date; (b) state the redemption price; (c) state the CUSIP numbers of the Bonds to be redeemed, the individual number of each Bond to be redeemed or that all Bonds between two stated numbers (both inclusive) or that all of the Bonds are to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed; (d) state that on the redemption date there will become due and payable on each Bond the redemption price thereof and that from and after such redemption date interest thereon shall cease to accrue; and (e) require that such Bonds be then surrendered at the Office of the Trustee.

The Successor Agency shall have the right to rescind any optional redemption notice by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under the Indenture, other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed or purchased pursuant to such Indenture shall be canceled by the Trustee.

SECURITY FOR THE BONDS

Special Obligations

The Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from Housing Tax Revenues, and funds on deposit in certain funds and accounts established under the Indenture, and the Successor Agency is not obligated to pay such principal and interest except from such Housing Tax Revenues. The Bonds are payable as set forth in the Indenture, are not a debt of the County, the State of California or any other political subdivision of the State (other than the Successor Agency, to the limited extent described in the Official Statement), and neither the State, the County nor any of the State's other political subdivisions are liable therefor (other than the Successor Agency, to the limited extent described in this Official Statement), nor in any event shall the Bonds be payable out of any funds or properties other than those of the Successor Agency pledged therefor as provided in the Indenture.

Tax Increment Financing Generally

Prior to the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This financing mechanism provides that the taxable valuation of the property within a project area on the property tax roll last equalized prior to the effective date of the ordinance that adopts the redevelopment plan becomes the base year valuation. Thereafter, the increase in taxable valuation becomes the increment upon which taxes are levied and allocated to the applicable agency. Redevelopment agencies have no authority to levy property taxes, but must instead look to this allocation of tax increment revenues to finance their activities.

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

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

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

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

Assembly Bill 1290

Assembly Bill 1290 (being Chapter 942, Statutes of 1993) ("AB 1290") was adopted by the California Legislature and became law on January 1, 1994. The enactment of AB 1290 created several significant changes in the Redevelopment Law, including time limitations for redevelopment agencies to incur and repay loans, advances and indebtedness that are repayable from tax increment revenues. See "THE PROJECT AREAS" for a discussion of the time limitations.

Redevelopment Property Tax Trust Fund

The Dissolution Act authorizes bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described below. The Bonds are secured by the pledge of money on deposit from time to time in the Redevelopment Property Tax Trust Fund; provided, however, that such pledge and lien shall only be with respect to the amounts on deposit in the Redevelopment Property Tax Trust fund after amounts on deposit therein have been set aside and reserved, in the manner required in the applicable indentures or other relevant documents, to pay (i) debt service on the other bonds of the Former Agency and the Successor Agency, including bonds issued for the benefit of other project areas of the Former Agency and bonds secured by the amounts required, prior to the Dissolution Act, to be deposited in the former low and moderate income housing fund of the Former Agency and (ii) amounts due pursuant to tax sharing agreements, owner participation agreements, development agreements and other similar agreements that are senior to the payment of the debt service on the Bonds and the bonds described in (i) above.

Allocation of Taxes Subsequent to the Dissolution Act

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of ABX1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act (the "Redevelopment Property Tax Trust Fund"). The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of ABX1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date so that property tax revenues (formerly tax increment revenues) are paid to the Successor Agency in such amounts and on such dates to ensure the timely payment of debt service on the Bonds from Tax Revenues and the Housing Bonds from amounts formerly required to be deposited in the Low and Moderate Income Housing Fund. Pursuant to the Dissolution Act, the Successor Agency has covenanted to take all actions necessary to ensure that the Bonds will be included in the Successor Agency's Recognized Obligation Payment Schedules as prepared from time to time under the Dissolution Act.

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll within the Project Area, to the extent they constitute tax increment revenues, less administrative costs, as described herein, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "--Recognized Obligation Payment Schedule" below.

Recognized Obligation Payment Schedule

The Dissolution Act requires that, not less than 90 days prior to each January 2 and June 1, successor agencies prepare, and submit to the successor agency's Oversight Board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule" or "ROPS") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

As defined in the Dissolution Act, “enforceable obligation” includes bonds, including the required debt service, reserve set-asides, and any other payments required under an indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency’s low and moderate income housing fund.

A reserve may be included on the ROPS and held by the Successor Agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following six-month period as provided in the Dissolution Act.

In the Indenture, the Successor Agency has covenanted to comply with the Redevelopment Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture. Further, it promises to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds and any Parity Debt, all amounts required to be deposited into the Special Fund pursuant to the Indenture as well as any amount required under the Indenture to replenish the Reserve Account and amounts required to reimburse the Insurer, in the ROPS for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency’s Redevelopment Obligation Retirement Fund on each January 2 and June 1 all amounts required to be deposited in the Special Fund and in the Parity Debt Special Funds (pursuant to the Indenture) which amounts will be used to pay debt service on the Bonds, the Parity Bonds and to pay any reimbursement to the Insurer. These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve for the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with the Indenture. The Successor Agency has also covenanted in the Indenture to calculate the amount of Housing Tax Revenues received during each six-month period, as described above, to ensure that Housing Tax Revenues are properly credited to and deposited in the Retirement Fund and the Special Fund, as required by the Indenture.

The Dissolution Act requires the State Department of Finance to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the ROPS is submitted. Within five business days of the determination by the State Department of Finance, the Successor Agency may request additional review by the State Department of Finance and an opportunity to meet and confer on disputed items, if any. The State Department of Finance will notify the Successor Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the January 2 or June 1 date of property tax distribution, as applicable. The State Department of Finance has on occasion rejected items on the Successor Agency’s ROPS for certain obligations the DOF considered to be not documented. However, none of the rejected items related to bond debt service or enforceable obligations related to the repayment of bonds.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of ABX1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency’s ROPS.

Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the State Department of Finance to provide written confirmation that its

determination of such enforceable obligation as approved in a ROPS is final and conclusive, and reflects the Department's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the State Department of Finance, then the State Department of Finance's review of such payments in each future ROPS will be limited to confirming that they are required by the prior enforceable obligation.

The Successor Agency's collection of Housing Tax Revenues in the Project Area is assumed to be subject to limitations of the total tax increment collected by the Successor Agency over the life of the Redevelopment Plan. See "THE PROJECT AREAS - Redevelopment Plan Limitations."

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

The Successor Agency cannot guarantee that this process prescribed by the Dissolution Act of administering the tax increment revenues will effectively result in adequate Housing Tax Revenues for the payment of principal and interest on the Bonds when due. See "Recognized Obligation Payment Schedule." See also "PROJECTED COVERAGE ON THE BONDS" for additional information regarding the revenues derived from the Project Area. The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period to pay the principal of and interest on the Bonds. See "BOND OWNERS' RISKS."

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

Proposed Amendments to Dissolution Act

On January 9, 2015, the Governor's office released its 2015-16 Governor's Budget, which was enacted on June 19, 2015. A corresponding budget trailer bill ("Proposed AB 113") relating to the discussion below remains pending before the state legislature and must be approved before the September 11, 2015 close of the legislative session and then signed by the Governor to become effective. The Proposed AB 113 initiates the transition away from the State's detailed role in the redevelopment agency dissolution process. The objectives of the Proposed AB 113 are to:

- Minimize the potential erosion of property tax residuals being returned to the local affected taxing entities (both in the short and long term) while transitioning the State from detailed review of enforceable obligations to a streamlined process;
- Clarify and refine various provisions in the statute to eliminate ambiguity, where appropriate, and make the statute operate more successfully for all parties without rewarding previous questionable behavior; and
- Maintain the expeditious wind-down of former redevelopment agency activities while adding new incentives for substantial compliance with the law.

The Proposed AB 113 includes the following process changes and clarifications to the Dissolution Act:

- Transition all successor agencies from a biannual Recognized Obligation Payment Schedule process to an annual Recognized Obligation Payment Schedule process beginning July 1, 2016, when the successor agencies transition to a countywide oversight board.

- Establish a “Last and Final” Recognized Obligation Payment Schedule process beginning September 2015. The Last and Final Recognized Obligation Payment Schedule will be available only to successor agencies that have a finding of completion, are in agreement with the State Department of Finance on what items qualify for payment, and meet other specified conditions. If approved by the State Department of Finance, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties and the successor agency will no longer submit a Recognized Obligation Payment Schedule to the State Department of Finance or the oversight board. The county auditor-controller will remit the authorized funds to the successor agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid.
- Former tax increment caps and redevelopment agency plan expirations do not apply for the purposes of paying approved enforceable obligations. One of the core principles of the dissolution process is that approved enforceable obligations will be paid. This clarification will confirm that funding will continue to flow until all approved enforceable obligations have been paid.
- Reentered agreements that are not for the purpose of providing administrative support activities are not authorized or enforceable.
- Litigation expenses associated with challenging dissolution determinations are not separate enforceable obligations, but rather are part of the administrative costs of the successor agency.
- Contractual and statutory pass-through payments end upon termination of all of a successor agency’s enforceable obligations.
- The State Department of Finance is exempt, as provided in existing law, from the regulatory process.
- County auditor-controllers’ offices shall serve as staff for countywide oversight boards.
- Successor agencies that enter into a written payment agreement with the State Department of Finance to remit the unencumbered cash assets of redevelopment agencies to the county auditor-controller may receive a finding of completion.
- Successor agencies with a finding of completion may expend a portion of proceeds of bonds issued in 2011 which are currently frozen.
- Any pension or State Water Project override revenues pledged to debt service must be used for that purpose, with certain limitations, which provision if adopted would clarify the County’s interpretation of Section 34183(a)(1) of the Dissolution Act.
- Any agreement between the former redevelopment agencies and its sponsoring entity that relate to state highway infrastructure improvements will be allowed as an enforceable obligation.
- A sponsoring entity can loan money to a successor agency for litigation expenses associated with challenging dissolution decisions and those loaned amounts may be repaid as an enforceable obligation if the litigation is successful.
- Reentered agreements entered into after the passage of AB 1484 are unauthorized and unenforceable, unless they were for the purpose of providing administrative support activities.

It is assumed that the Proposed AB 113, will not amend the process for the distribution of the RPTTF moneys twice annually on January 2 and June 1 of each year. If that is the case, even with the change in the preparation of the Recognized Obligation Payment Schedule from twice a year to once a year, the Successor Agency will continue to set aside Pledged Tax Revenues and pay debt service on the Bonds in amounts described above.

For example, from the RPTTF distribution on January 2, the Successor Agency will pay the April 1 interest payment on the Bonds, and reserve an amount equal to half the October 1 principal payment on the Bonds and from the RPTTF distribution on June 1, the Successor Agency will pay the October 1 debt service on the Bonds.

The Successor Agency expects, but cannot guarantee, that the processes for funding of enforceable obligations prescribed by any new legislative change in the Dissolution Act will not interfere with its administration of the Pledged Tax Revenues in accordance with the Indenture and will effectively result in adequate Pledged Tax Revenues for the timely payment of principal of and interest on the Bonds when due.

Agency Indenture

The Indenture. Under the Indenture, the Housing Tax Revenues (as defined below) allocated and paid to the Agency are pledged to the payment of debt service on the Bonds and Parity Debt (subject to the lien of the tax-sharing agreements), together with moneys on deposit in the funds and accounts. See Table 5 herein showing the projected Housing Tax Revenues, and debt service coverage on the Bonds.

“Tax Revenues” means all taxes pledged and annually allocated within the Plan Limitations, following the closing date, and paid to the Agency with respect to the Project Area pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, and all payments, subventions and reimbursements, if any, to the Agency specifically attributable to *ad valorem* taxes lost by reason of tax exemptions and tax rate limitations, but excluding (i) amounts payable by the State to the Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the California Government Code, and (ii) amounts payable by the Agency pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are not on a basis subordinate to the payment of Bonds or to the payment of Parity Debt, as applicable.

“Housing Tax Revenues” means that portion of Tax Revenues required by Section 33334.3 of the Redevelopment Law to be deposited in the Agency’s Low and Moderate Income Housing Fund. Since, pursuant to the Dissolution Act, Housing Tax Revenues are no longer required to be deposited in the Low and Moderate Income Housing Fund, but pursuant to the Dissolution Act are deposited in the Redevelopment Property Tax Trust Fund, Housing Tax Revenues shall include amounts deposited in the Redevelopment Property Tax Trust Fund that, but for the Dissolution Act, would have been deposited in the Low and Moderate Income Housing Fund.

“Low and Moderate Income Housing Fund” means the Low and Moderate Income Housing Fund of the Agency, heretofore established by the Former Agency under the Redevelopment Law.

The Bonds shall be secured on a parity with all other Parity Debt issued under the Indenture by a first pledge of and lien on all of the Tax Revenues in the Special Fund and all moneys in the 2015 Reserve Subaccount and any other Parity Debt hereafter issued that the Successor Agency elects to be secured by the 2015 Reserve Subaccount and the sub-subaccounts therein. The Bonds shall be also equally secured by the pledge and lien created with respect to the 2014 Series A Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, provided, however, that such pledge and lien shall only be with respect to the amounts on deposit in the Redevelopment Property Tax Trust Fund after amounts on deposit therein have been set aside and reserved, in

the manner required in the applicable indentures or other relevant documents, to pay (i) debt service on the other bonds of the Former Agency and the Successor Agency, including bonds issued for the benefit of other project areas of the Former Agency and bonds secured by the amounts required, prior to the Dissolution Act, to be deposited in the former low and moderate income housing fund of the Former Agency and (ii) amounts due pursuant to tax sharing agreements, owner participation agreements, development agreements and other similar agreements that are senior to the payment of the debt service on the Bonds and the bonds described in (i) above. For the avoidance of doubt, the 2015 Series A Bonds are secured by the pledge and lien created with respect to the 2015 Series A Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund to the extent set forth in the foregoing sentence on a parity basis with all refunding bonds issued by the Successor Agency unless otherwise specified in connection with the issuance of such refunding bonds.

Funds and Accounts

The Indenture establishes the following funds and accounts:

1. The Special Fund (the “Special Fund”);
2. The Debt Service Fund (“Debt Service Fund”) and within such fund the following accounts:
 - (a) The Interest Account;
 - (b) The Principal Account;
 - (c) The Sinking Account;
 - (d) The Reserve Account; and
 - (e) The Redemption Account.
3. The Costs of Issuance Fund (the “Costs of Issuance Fund”).

A more detailed description of the Funds and Accounts is as follows:

Special Fund; Deposit of Housing Tax Revenues. The Indenture establishes a special fund known as the “Special Fund,” which is held by the Successor Agency. The Successor Agency shall transfer all of the Housing Tax Revenues received in any Bond Year ratably to the Parity Debt Special Funds and to the Special Fund promptly upon receipt thereof by the Successor Agency, until such time during such Bond Year as the amounts (i) on deposit in the Special Fund equal the aggregate amounts required to be transferred in such Bond Year into the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to the Indenture, and (ii) on deposit in the Parity Debt Special Funds equal the aggregate amounts required to be transferred in such Bond Year pursuant to the applicable Parity Debt Instrument. If the amount of Housing Tax Revenues available in any Bond Year shall be insufficient to deposit the full amount required to be deposited pursuant to subsections (i) and (ii), of this paragraph, then the Successor Agency shall transfer such Housing Tax Revenues for deposit ratably based on the full amounts required to be so deposited.

All Housing Tax Revenues received by the Successor Agency during any Bond Year in excess of the amount required to be deposited as described in the preceding paragraph shall be released from the pledge, security interest and lien under the Indenture for the security of the Bonds and any additional Parity Debt and may be applied by the Successor Agency for any lawful purpose of the Successor Agency or the payment of any rebate amounts due and owing to the United States of America. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable

under the Indenture, and under any Parity Debt Instrument, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Debt Service Fund, except as may be provided in the Indenture and in any Parity Debt Instrument.

The Successor Agency acknowledges that, due to the passage of the Dissolution Act, it will need to take certain actions to ensure that it collects sufficient Housing Tax Revenues to make the deposits as and when required to be made into the Special Fund pursuant to the Indenture, and in order to insure the payment of debt service on the Bonds on a timely basis. The Successor Agency covenants that it will take all such actions as required to make the deposits as and when required to be made into the Special Fund pursuant to the Indenture and to make the timely payment of debt service on the Bonds. The Successor Agency further acknowledges that the provisions of the Dissolution Act require that it establish the Retirement Fund, into which all Housing Tax Revenues are required to be deposited. The Successor Agency has heretofore established the Retirement Fund as required by Section 34170.5(a) of the California Health and Safety Code, and covenants that it shall continue to hold and maintain the Retirement Fund so long as any of the Bonds are Outstanding. The Successor Agency agrees in the Indenture that it will hold the Special Fund and the Parity Debt Special Funds as accounts within Retirement Fund and will continue to deposit all Housing Tax Revenues, as and when received, into such funds in order to ensure that all Housing Tax Revenues are available for the payment of debt service on the Bonds and any Parity Debt on a timely basis.

Debt Service Fund; Transfer of Amounts to Trustee. The Indenture establishes a special trust fund to be known as the "Debt Service Fund," which shall be held by the Trustee. Moneys in the Special Fund shall be transferred by the Successor Agency to the Trustee and transferred by the Trustee in the following amounts, at the following times, and into the following respective special accounts within the Debt Service Fund, which accounts are hereby established, or continued, as applicable, with the Trustee to pay debt service on the Bonds and any Parity Debt not otherwise provided for in a Parity Debt Instrument, in the following order of priority:

(a) Interest Account. On or before the fourth (4th) Business Day preceding each date on which interest on the Bonds becomes due and payable, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Bonds on such date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the Interest Payment Date upon all of the Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. On or before the fourth (4th) Business Day preceding each date on which principal of the Bonds becomes due and payable at maturity, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds upon the maturity thereof.

(c) Sinking Account. On or before the fourth (4th) Business Day preceding each October 1 on which any Term Bonds become subject to mandatory redemption, or otherwise for purchases of Term Bonds, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on such October 1. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon redemption or purchase.

(d) Reserve Account. Amounts on deposit in the 2015 Reserve Subaccount of the Reserve Account, which is established by the Indenture and which is to be held by the Trustee, shall be available to pay debt service only on the 2015 Bonds and any other Parity Debt hereafter issued that the Successor Agency elects to be secured by the 2015 Reserve Subaccount of the Reserve Account. In the event that the Successor Agency elects to secure additional Parity Debt with the 2015 Reserve Subaccount of the Reserve Account, the Successor Agency shall establish additional sub-accounts within the Reserve Subaccount as needed. [The 2015 Reserve Subaccount will be initially funded by the deposit of a Qualified Reserve Account Credit Instrument (defined below) consisting of the Debt Service Reserve Fund Policy issued by the Insurer.]

In the event that the amount on deposit in the Reserve Account at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. If there shall then not be sufficient Housing Tax Revenues on deposit in the Special Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Housing Tax Revenues become available in the Special Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. No such transfer and deposit need be made to the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before four (4) Business Days preceding each April 1 and October 1 by the Trustee and deposited in the Interest Account. All amounts in the Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Successor Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by the Indenture, then, at the Request of the Successor Agency, such amount shall be transferred as directed by the Successor Agency.

The Successor Agency shall, with the prior written consent of the Insurer, have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such Funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Bonds to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be applied in accordance with the Dissolution Act and the Redevelopment Law. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall reasonably be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall reasonably be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection. Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall be obligated either (i) to replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Tax Revenues.

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

the Trustee, provided, however, that in the event the Reserve Requirement with respect to the 2015 Series A Bonds and any other Parity Debt is calculated on a combined basis, the Trustee shall establish separate subaccounts for the proceeds of the 2015 Series A Bonds and all Parity Debt to enable the Trustee to track the investment of the proceeds of the 2015 Series A Bonds and all Parity Debt on an individual basis. Additionally, the Successor Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Debt in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Debt.

The calculation of the Reserve Requirement for the 2015 Series A Bonds has been made, and shall hereafter be made, without regard to the 2004 A-T Bonds, the 2010A Bonds, the 2010 A-T Bonds, the 2011A Bonds, the 2011 A-T Bonds, and the 2014 Bonds.

(e) Redemption Account. On or before the Business Day preceding any date on which Bonds are subject to redemption, other than mandatory Sinking Account redemption of Term Bonds, the Successor Agency shall transfer to the Redemption Account the amounts required to pay the principal of and premium, if any, on the Bonds to be so redeemed on such redemption date to the Trustee. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such Bonds, the Trustee may, at the direction of the Successor Agency, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on Bonds, which is payable from the Interest Account) as shall be directed by the Successor Agency.

The "Reserve Requirement" is defined in the Indenture to mean, with respect to the Bonds or any Parity Debt (including the 2004 A-T Bonds, the 2010A Bonds, 2010 A-T Bonds, 2011A Bonds, 2011 A-T Bonds, and 2014 Bonds), as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the Bonds or Parity Debt, as applicable, provided that if the original issue discount of the Bonds or Parity Debt exceeds 2% of such original principal amount, then initially ten percent (10%) of the original principal amount of, less original issue discount on, the Bonds or Parity Debt, but excluding from such calculation any proceeds of Parity Debt deposited in an escrow described in the definitions of Annual Debt Service and Maximum Annual Debt Service, (ii) Maximum Annual Debt Service with respect to the Bonds or Parity Debt, as applicable, or (iii) 125% of average Annual Debt Service on the Bonds or Parity Debt, as applicable; provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. For purposes of calculating Maximum Annual Debt Service with respect to determining the Reserve Requirement, variable rate Parity Debt shall be deemed to bear interest at the maximum rate permitted by the Parity Debt Instrument. The calculation of the Reserve Requirement may, at the option of the Successor Agency, be made with respect to the Bonds and all Parity Debt, including the 2004 A-T Bonds, the 2010A Bonds, the 2010 A-T Bonds, the 2011A Bonds, the 2011 A-T Bonds, and the 2014 Bonds on a combined basis, as provided in the Indenture, provided that the Trustee shall establish separate subaccounts for the proceeds of the 2015 Series A Bonds, and all Parity Debt to enable the Trustee to track the investment of the proceeds of the 2015 Series A Bonds and Parity Debt on an individual basis.

As noted above, the Successor Agency has determined in the Indenture to calculate the Reserve Requirement for the 2015 Series A Bonds amount separate from the 2004 A-T Bonds, the 2010A Bonds, the 2010 A-T Bonds, the 2011 A Bonds, the 2011 A-T Bonds, and the 2014 Bonds.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year payable on the Bonds or any Parity Debt in such Bond Year. For

purposes of such calculation, variable rate Parity Debt shall be deemed to bear interest at the maximum rate permitted by the Parity Debt Instrument pursuant to which such Parity Debt is issued. For purposes of such calculation, there shall be excluded debt service payments with respect to the Bonds or any Parity Debt (i) to the extent that amounts due with respect to the Bonds or such Parity Debt are prepaid or otherwise discharged in accordance with the Indenture or the relevant Parity Debt Instrument or (ii) to the extent the proceeds thereof are then deposited in an escrow fund in which amounts are invested in Permitted Investments and from which moneys may not be released to the Successor Agency unless the amount of Tax Revenues for the current Fiscal Year (as evidenced in the written records of the County) plus Additional Revenues at least meets the requirements of the Indenture.

If the Agency at any time in the future has cash on deposit in a Reserve Account, the Agency has the right at any time to request the release of funds by the Trustee from such Reserve Account, in whole or in part, by tendering the following to the Trustee a Qualified Reserve Account Credit Instrument which meets the conditions of the Indenture.

“Qualified Reserve Account Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to Section 4.03(d), provided that all of the following requirements are met by the Agency at the time of delivery thereof to the Trustee: (a) S&P and Moody’s have assigned a long-term credit rating to such bank or insurance company is “AAA” and “Aaa,” respectively; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to Section 4.03(d); (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to Section 4.03; and (e) prior written notice is given to the Insurer before the effective date of any such Qualified Reserve Account Credit Instrument. Notwithstanding the foregoing, in the event of the issuance of Parity Debt (the “Refunding Parity Debt”) to refund existing Parity Debt (the “Refunded Parity Debt”) that has a Qualified Reserve Account Credit Instrument (the “Existing Qualified Reserve Account Credit Instrument”) on deposit in the Reserve Account (or in any subaccount therein) established with respect to such Refunded Parity Debt, any irrevocable standby or direct-pay letter of credit or surety bond proposed to be deposited in the Reserve Account or any subaccount thereof, or into another reserve account, to satisfy the Reserve Requirement with respect to the Refunding Parity Debt issued on or after the date of issuance of the Bonds, shall only need to be rated no lower than the higher of (i) the current long term ratings assigned by S&P and Moody’s to the bank or insurance company that issued Existing Qualified Reserve Account Credit Instrument or (ii) “A” and “A2,” respectively, by S&P and Moody’s.

With respect to the portions of the Reserve Requirement attributable to Outstanding Parity Debt, the Former Agency previously deposited with the Trustee Qualified Reserve Account Credit Instruments, as follows:

**TABLE 1
SUCCESSOR AGENCY FOR THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Housing Bonds Reserve Fund Sources**

<u>Outstanding Parity Debt</u>	<u>Cash Deposit</u>	<u>Credit Instrument</u>	<u>Stated Amount</u>	<u>Provider</u>
2004 A-T Bonds	--	Surety Policy	\$2,892,984.62	Syncora Guaranty Inc. ⁽¹⁾
2010A Bonds	\$1,302,078.54			
2010 A-T Bonds	4,168,946.46			
2011A Bonds	1,409,302.76			
2011 A-T Bonds	1,409,500.00			
<u>2014 Bonds</u>		<u>Surety Policy</u>	<u>\$3,719,834.29</u>	<u>Assured Guaranty</u>
Total	<u>\$8,289,827.76</u>		<u>\$6,612,818.91</u>	

⁽¹⁾ XL Capital Assurance Inc. is now Syncora Guarantee Inc. Standard & Poor's Rate Agency has assigned Syncora Guarantee Inc. the rating of "CC."

The Qualified Reserve Account Credit Instruments deposited with respect to outstanding Parity Debt are not available to pay debt service on the Bonds. Likewise, the 2015 Reserve Subaccount is not available to pay debt service on the Outstanding Parity Debt. However, as discussed above, funds in the 2015 Series A Reserve Subaccount may secure any Parity Debt hereafter issued that the Successor Agency which the Successor Agency elects to be secured by the 2015 Series A Subaccount Account.

Issuance of Additional Agency Parity Debt. The Agency has covenanted to not issue any obligations payable from Housing Tax Revenues on a senior basis to the Bonds. The Indenture provides that the Successor Agency may issue or incur additional Parity Debt subject to the conditions summarized in part below. See APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" for a more complete description of the conditions precedent to the issuance or incurrence of Parity Debt.

(a) No Event of Default shall have occurred and be continuing, and the Successor Agency shall otherwise be in compliance with all covenants set forth in the Indenture.

(b) The Housing Tax Revenues for each succeeding Fiscal Year based on the most recent assessed valuation of property in the Project Areas as evidenced in written documentation from an appropriate official of the County or a written report of an Independent Redevelopment Consultant plus any Additional Revenues shall be at least equal to one hundred twenty percent (120%) of Annual Debt Service on the Bonds and Parity Debt which will be outstanding immediately following the issuance of such Parity Debt for each applicable succeeding Bond Year.

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

(d) The Successor Agency shall fund a reserve account relating to such Parity Debt in an amount equal to the Reserve Requirement.

Notwithstanding anything contained in the 2004 Indenture, the 2005 Series A First Supplement, the 2010 Series A-T First Supplement, the 2010 Series A Second Supplement, the 2011 Series A-T Second Supplement, the 2011 Series A Third Supplement, the 2011 Series A-T Fourth Supplement or the 2014 Series A Fifth Supplement, the Successor Agency shall not issue or incur additional Parity Debt other than Parity Debt issued or incurred solely for the purpose of refunding the 2015 Series A Bonds or any Parity Debt.

Issuance of Subordinate Debt. The Successor Agency may issue or incur Subordinate Debt in addition to the Bonds in such principal amount as shall be determined by the Successor Agency. The Successor Agency may issue or incur such Subordinate Debt in an amount which may be determined by the Agency, provided that

the issuance or incurrence of such Subordinate Debt shall not cause the Agency to exceed any Plan Limitations (as defined in the Indenture).

Events of Default

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

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

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

(c) Failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such failure shall have continued for a period of sixty (60) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Successor Agency by the Trustee or the Insurer; provided, however, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Successor Agency with the written consent of the Insurer within such sixty (60) day period and the Successor Agency shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

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

Subject in all respects to the provisions of the Indenture, if an Event of Default has occurred and is continuing, the Trustee may (with the prior written consent of the Insurer), or if requested in writing by the Insurer, or, with the prior written consent of the Insurer, the Owners of a majority of the principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) upon receipt of indemnity satisfactory to it from any liability or expense, including payment of the fees and expenses of its counsel and agents, exercise any other remedies available to the Trustee and the Owners in law or at equity. The Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Tax Revenues, if appropriate, and for the revenues, income, product, and profits thereon, if any, ex parte, and without notice, and the Successor Agency consents to the appointment of such receiver upon the occurrence of an Event of Default. If any receivership, bankruptcy, insolvency, or reorganization or other judicial proceedings affecting the Successor Agency is filed, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and Owners allowed in such proceedings for the entire amount due and payable under the Indenture at the time of the institution of such proceedings, and also for any additional amount which may become due and payable after such date, without prejudice to the right of any Owner to file a claim on his own behalf. The Trustee shall not be obligated to take any such action unless offered compensation, indemnity for its potential liability, and reimbursement for its legal fees and expenses in accordance with this Section.

**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
FOR THE COUNTY OF RIVERSIDE**

The Agency and Former Agency

The Former Agency was established pursuant to the Redevelopment Law and was activated by the Board of Supervisors of the County (the “Board”) on August 6, 1985, by Ordinance No. 612, at which time the Board declared itself to be the governing board (the “Board of Directors”) of the Former Agency. The Former Agency was charged with the authority and responsibility of redeveloping and upgrading blighted areas of the County. The Former Agency was a separate public body and exercises governmental functions in planning and carrying out redevelopment projects. Subject to requirements and certain limitations in the Redevelopment Law, the Former Agency was charged to facilitate the provision of low and moderate income housing, build public improvements, facilitate the development of on and off-site improvements for private development projects, acquire and re-sell property, and provide services of special benefit to the Project Areas.

AB IX 26. As a result of AB 1X 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies and also to satisfy “enforceable obligations” of the former redevelopment agency.

On January 10, 2012, the County Board of Supervisors accepted designation as the Successor Agency pursuant to Resolution No. 2012-034, and Section 34171(j) of the Dissolution Act. On June 27, 2012, AB 1X 26 was amended by AB 1484, which clarified that successor agencies are separate political entities and that the successor agency succeeds to the organizational status of the former redevelopment agency but without any legal authority to participate in redevelopment activities except to complete the work related to an approved enforceable obligation. The Dissolution Act expressly clarifies that the County and the Successor Agency are separate public entities. None of the liabilities of the Former Agency are transferred to the County by the virtue of the County’s election to serve as the Successor Agency.

The present members of the Board of Supervisors and their terms of office are shown below:

<u>Member</u>	<u>Term Expires</u>
Kevin Jeffries	January 2017
John F. Tavaglione	January 2019
Chuck Washington	January 2017
John J. Benoit	January 2019
Marion Ashley	January 2019

As discussed below, many actions of the Successor Agency are subject to approval by an “oversight board” and the review or approval by the California Department of Finance, including the issuance of bonds such as the Bonds.

Oversight Board

The Oversight Board is governed by a seven-member governing board, with three members appointed by the County, one member appointed by the County Flood Control and Water Conservation District, one member appointed by Riverside Community College District, one member appointed by the City of Jurupa Valley, and one member appointed by the Riverside Superintendent of Schools.

The Oversight Board has fiduciary responsibility to the holders of enforceable obligations and the taxing entities that benefit from the distributions of property tax and other revenue. The Oversight Board will oversee the “winding down” process of the Redevelopment Agency for the County of Riverside and meets on an as-

needed basis throughout the year. For example, the establishment of each ROPS must be first approved by the Oversight Board. The issuance of bonds, such as the Bonds, is subject to the approval of the Oversight Board. All actions of the Oversight Board are subject to review by the California State Department of Finance (the "State Department of Finance" or the "DOF"). Certain Successor Agency matters are also subject to review by the County Auditor-Controller and the State Controller.

The Dissolution Act provides that, starting July 1, 2016, the current Oversight Board will be replaced, such that there will be only one oversight board for all of the successor agencies in the County. The Board will be comprised of seven members to be appointed to represent the different categories of taxing entities, the public and employees of successor agencies.

Department of Finance Finding of Completion

Pursuant to the Dissolution Act, the Successor Agency was required to retain independent accountants to conduct two reviews, known as due diligence reviews (each, a "DDR"): one for the Low and Moderate Income Housing Fund (the "Housing Fund") and the other for all of the other funds and accounts (the "Other Funds"). The purpose of the DDRs was to determine the unobligated balance (the "Unobligated Balance"), if any, of the Housing Fund and the Other Funds, as of June 30, 2012, so that such Unobligated Balance would be distributed to the taxing agencies. Pursuant to the general procedure for determining the Unobligated Balance set forth in the Dissolution Act, legally restricted funds (including bond proceeds), value of assets that are not cash or cash equivalents (such as land and equipment) and amounts that are needed to satisfy obligations listed an approved ROPS were excluded from the Unobligated Balance.

With respect to each DDR, the Successor Agency was required to submit such DDR, after review and approval by the Oversight Board, to the DOF. The DOF issued its final determination regarding the Successor Agency's DDR for the Housing Fund on December 21, 2012, having determined that the Successor Agency's Housing Fund Unobligated Balance available for distribution to the taxing agencies was \$15,663,716. The DOF issued its final determination regarding the DDR for the Other Funds on June 6, 2013, having determined that there were no Non-Housing Funds Unobligated Balance available for distribution to the taxing agencies. The Successor Agency has remitted such sums to the County Auditor-Controller.

Because the Successor Agency has made the remittances required by the DOF's final determination concerning the DDRs, as well as certain other amounts previously required to be remitted pursuant to the Dissolution Act, the DOF issued a "Finding of Completion" to the Successor Agency on April 18, 2014. Upon receipt of such Finding of Completion, the Successor Agency is authorized to proceed with actions permitted under certain provisions of the Dissolution Act, such as the submission of a Long Range Property Management Plan relating to the disposition of Agency-owned real properties. The Successor Agency has submitted its Long Range Property Management Plan to DOF. Currently, there are no material disagreements between the Successor Agency and the County Auditor Controller's Office or the State Department of Finance.

State Controller Asset Transfer Review

The Dissolution Act requires that the State Controller conduct a review of the activities of each former redevelopment agency and determine if such redevelopment agency transferred assets to a city, county or other local agency after January 1, 2011. If such an asset transfer did occur and the government agency that received the assets is not contractually committed to a third party for the expenditure or encumbrance of those assets, to the extent not prohibited by state and federal law, the State Controller must order the available assets to be returned to the relevant successor agency.

THE PROJECT AREAS

Redevelopment Plans

Under the Redevelopment Law a city or county that activates its redevelopment agency is permitted to adopt, by ordinance, a redevelopment plan for each redevelopment project area to be undertaken by the redevelopment agency. A redevelopment agency may only undertake those activities within a redevelopment project area specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law, rather than a "plan" in the customary sense of the word.

The Redevelopment Plans for the Project Areas and Sub-Areas ("Sub-Areas") had two principal purposes (i) the removal of blight from the Project Areas and (ii) the provision of low and moderate income housing both within the Project Areas and within any other area of the County of Riverside. In order to accomplish these two purposes the Redevelopment Plans provide for the acquisition of property and the demolition of buildings and improvements, the relocation of any displaced occupants and the construction of streets, parking facilities, utilities and other public improvements. In connection with the provision of low and moderate income housing, the Agency may additionally make housing grants and loans and acquire, rehabilitate and sell residential housing to persons and families of low and moderate income. The Redevelopment Plans also allow for redevelopment of land by private enterprise and participation by owners and tenants of properties in the Project Areas.

There are five Project Areas generating Housing Tax Revenues which secure the Bonds. Each Project Area is comprised of sub-areas established under separate ordinances and subsequently merged, for fiscal reasons, into a Project Area. Key information on each Sub-Area in the Project Areas is shown in Table 4 below. Additional information about each Project Area is set forth in APPENDIX A "INFORMATION ABOUT EACH PROJECT AREA."

Project Area No. 1-1986. The Riverside County Board of Supervisors (the "Board") approved Project Area No. 1-1986 on December 23, 1986, pursuant to Ordinance No. 635. The Project Area is located in the southwestern region of the County and consists of three Sub-Areas, totaling approximately 4,651 acres. The original Project Area contains Sub-Areas in the communities of Home Gardens and Murrieta. The Board approved Amendment No. 1 to the Project Area on July 20, 1999, pursuant to Ordinance No. 793, which included a new Sub-Area in the communities of Lakeland Village and Wildomar. A second amendment to the Project Area was approved on December 14, 1999, pursuant to Ordinance No. 800. This amendment allowed for the creation of another new Sub-Area in the El Cerrito/Temescal Canyon area.

The Jurupa Valley Project Area. The Board adopted the Jurupa Valley Project Area on July 9, 1996, via Ordinance No. 763. The project area formation involved the merger of three existing redevelopment project areas, Project Areas Nos. 2-1986 (Mira Loma), which was amended twice for a total acreage of 3,856 acres; 2-1987 (Glen Avon and Rubidoux) at 635 acres; and 2-1989 (Pedley and Rubidoux), at a total of 1,354 acres. The Amendment and Merger which took place in 1996 included an addition of 10,750 acres of territory (the "Amendment Area") to the merged project areas. The Jurupa Valley Project Area is a single contiguous project area and is located in the northwest region of the County. The total acreage for the project area is 16,600 acres.

The Mid-County Project Area. The Mid-County Project Area originally consisted of three project areas: Project Area Nos. 3 (3-1986), 3-1987, and 3-1989. Project Area 3-1986 includes area in the communities of Garnet, Valle Vista, West Garnet, Homeland and Winchester; Project Area 3-1987 includes portions of the community of North Hemet; and Project Area 3-1989 includes area within the community of Cabazon. The Board approved the original boundaries of the Project Area No. 3-1986 on December 23, 1986 via Ordinance No. 637; Project Area 3-1987 on December 22, 1987 via Ordinance No. 646; and, Project Area No. 3-1989 on July 11, 1989 via Ordinance No. 676.

In 1999, the project areas were merged and amended, adding approximately 1,307 acres to the Homeland Sub-Area (renamed Homeland/Green Acres). Both the amendment and merger were approved in May 1999, via Ordinances Nos. 785 and 786, respectively. On January 13, 2009, Amendment No. 2 to the Mid-County Project Area was adopted via Ordinance No. 887 and added 2,693 acres in the Garnet and West Garnet communities to the Sub-Area. The current Mid-County Project Area is composed of approximately 9,721 acres.

The Desert Communities Project Area. The Desert Communities Project Area originally contained two separate project areas known as Project Area Nos. 4 (also known as 4-1986 and 4-1987). The Riverside County Board of Supervisors (the "Board") approved the original boundaries of Project Area No. 4 on December 23, 1986 via Ordinance No. 638. Project Area 4-1986 consists of 20,440 acres of territory within the communities of East Blythe, Mecca, North Shore, Palm Desert, Ripley, Thermal (including the airport), and Thousand Palms. Project Area No. 4-1987 was approved by the Board on December 1, 1987 via Ordinance No. 647, and consists of 376 acres in Desert Center. The Airports-1988 project area was approved by the Board on December 19, 1988, via Ordinance No. 668 and consists of six general aviation airports. On July 20, 1999, the Board approved the merger of both project areas with the Airports-1988 project area.

At the time of the merger, the Board approved the amendment of Project Area 4-1986, to add approximately 408 acres of territory within the community of Thousand Palms.

The amendment and merger were approved via Ordinances Nos. 794 and 795, respectively. On January 13, 2009, Amendment No. 2 to the Desert Communities Project Area was adopted via Ordinance No. 886, and added 1,975 acres in the 100 Palms, Oasis, Mecca and North Shore communities to the Desert Communities Project Area. The Desert Communities Project Area consists of six Sub-Areas, encompassing approximately 29,668 acres.

The Interstate 215 Corridor Project Area. The Interstate 215 Corridor Project Area was originally comprised of two project areas: Project Areas Nos. 5-1986 and 5-1987. The Board approved Project Area No. 5 on December 23, 1986 via Ordinance No. 639, and it included four Sub-Areas: Calimesa, Highgrove, Lakeview, Mead Valley and Romoland, for a total of 3,429 acres. In November of 1998, the Board approved an amendment to the project area to include an additional 843 acres of territory in the Highgrove Sub-Area. Project Area No. 5-1987 consisted of one Sub-Area of 141 acres in the community of Mead Valley and was approved by the Board on December 1, 1987 via Ordinance No. 648. The project area was amended to include an additional 715 acres of territory on June 27, 1989 via Ordinance No. 715.

Both project areas were amended and merged on July 25, 2002 via Ordinance No. 821 and 822, respectively. Approximately 1,392 acres was added to the Romoland Sub-Area. The Mead Valley Sub-Area was also expanded and included the addition of 3,200 acres. The amended areas of both Sub-Areas are contiguous with the existing Sub-Area boundaries.

In 2006, Amendment No. 1a and Amendment No. 1b were adopted into the Interstate 215 Corridor Project Area. Amendment No. 1a was adopted on May 16, 2006, and added approximately 2,820 acres of territory in the communities of Lakeview/Nuevo to the Interstate 215 Corridor Project Area. Amendment No. 1b was adopted on May 2, 2006, and added 3,289 acres of additional territory in the communities of Sun City/Quail Valley into the Interstate 215 Corridor Project Area.

On May 4, 2010, Amendment No. 2, called the Highway 74 Communities Sub-Area, was adopted into the Interstate 215 Corridor Project Area. The amendment added approximately 5,865 acres to the Interstate 215 Corridor Project Area; located within the communities of South Mead Valley, Wagon Wheel, Good Hope, Meadowbrook and Warm Springs. The total acreage for the Interstate Corridor Project Area is 21,695 acres.

Redevelopment Plan Limitations

In 1993, the California Legislature made significant changes in the Redevelopment Law by the adoption of AB 1290, Chapter 942, Statutes of 1993 ("AB 1290"). Among the changes to the Redevelopment Law accomplished by the enactment of AB 1290 was a provision which limits the period of time for incurring and repaying loans, advances and indebtedness which are payable from tax increment revenues. In general and subject to shorter limitations which may be contained in a redevelopment plan, loans, advances and indebtedness may be incurred within the later of January 1, 2004 or 20 years from the date of original adoption of the redevelopment plan, a redevelopment plan must terminate not later than January 1, 2009 or 40 years following the date of original adoption of the redevelopment plan, and loans, advances and indebtedness must be repaid during a period extending not more than 10 years following the date of termination of the redevelopment plan. AB 1290 further required that any redevelopment plan that either did not contain the appropriate limitations or that contained limitations longer than permitted by AB 1290 must be amended by the applicable legislative body.

In addition, the Sub-Areas added to the Project Areas after January 1, 1994 are subject to the special requirements of AB1290, which replaced tax increment caps and negotiated fiscal agreements with finite plan durations and statutory payments to taxing entities, among other requirements. All of the Redevelopment Plans were subsequently brought into conformance with plan duration and other provisions of AB1290. The California Legislature enacted Senate Bill 1045, Chapter 260, Statutes 2003, effective September 1, 2003 ("SB 1045") and Senate Bill 1096, Chapter 211, Statutes of 2004 ("SB 1096"). SB 1045 and SB 1096 provide, among other things, that the Redevelopment Plans for the Project Areas may be amended to add up to three years on to the effectiveness of the Redevelopment Plans and on to the period for collection of tax increment revenues and the repayment of debt. Pursuant to the authorization contained in SB 1045, the Board of Supervisors adopted Ordinance No. 835 on November 30, 2004, (effective December 30, 2004) extending by one year the date of effectiveness of the Redevelopment Plan and the allowed time to pay indebtedness or receive property taxes. The following table takes into account the effect of Ordinance No. 835. The Redevelopment Plans of the Agency were adopted too recently to be able to take advantage of the extensions permitted by SB 1096.

The Fiscal Consultant has determined the Volatility Ratio for each of the Project Area Sub-Areas. The Volatility Ratio is calculated by dividing the current year assessed valuation by the base year assessed valuation. See Table 1 in APPENDIX B "REPORT OF FISCAL CONSULTANT."

**TABLE 2
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
SUMMARY OF PROJECT AREAS AND CONSTITUENT SUB-AREAS**

<i>Project Area No. 1</i>	<i>Project Area/Sub-Area</i>	<i>Date of Adoption</i>	<i>Ordinance Number</i>	<i>Termination of Plan Activities⁽¹⁾</i>	<i>Last Date to Repay Indebtedness</i>	<i>Tax Increment Limit (Millions)</i>	<i>Average</i>	<i>Sub-Area Tax Increment As Percent of Total Tax Increment</i>	<i>Volatility Ratio⁽²⁾</i>
	Home Gardens, Murrieta	12/23/86	635	12/23/27	12/23/37	\$150	350	2%	0.12
	Lakeland	7/20/99	793	7/20/30	7/20/45	-	2,859	3	0.47
	El Cerrito/Temescal	12/14/99	800	12/14/30	12/14/45	-	1,442	4	0.19
DCPA									
	East Blythe, Mecca, North Shore, Palm Desert Country Club, Ripley, Thermal	12/23/86	638	12/23/27	12/23/37	\$900	20,155	21%	0.06
	Thousand Palms	12/23/86	638	12/23/27	12/23/37	150	285	1	0.12
	Thousand Palms Amendment	7/20/99	794	7/20/30	7/20/45	-	408	1	0.33
	Desert Center	12/22/87	647	12/22/28	12/22/38	140	376	0	0.52
	Airports (Blythe, Chiriaco, Desert Center, Flabob, French Valley, Hemet-Ryan)	12/19/88	668	12/19/29	12/19/39	360	6,366	1	0.16
	Amendment 2 (100 Palms, Oasis, Mecca)	1/13/09	886	1/13/39	1/13/54	900	2,078	(NA)	(NA)
I-215									
	Lake View, Mead Valley, Romoland 3, Romoland 5	12/23/86	639	12/23/27	12/23/37	\$578	3,154	3%	0.19
	Highgrove	12/23/86	639	12/23/27	12/23/37	50	275	1	0.31
	Highgrove Amendment 1	11/24/98	783	11/24/29	11/24/44	-	843	5	0.20
	Romoland 2003 Annex	7/16/02	822	7/16/33	7/16/48	-	1,392	4	0.13
	Mead Valley 1987	12/15/87	648	12/15/28	12/15/38	120	141	0	0.14
	Mead Valley 1990 Annex	7/5/89	677	7/5/30	7/5/40	540	715	2	0.04
	Mead Valley 2003 Annex	7/16/02	821	7/16/33	7/16/48	-	3,200	1	0.47
	Lakeview/Nuevo	5/16/06	854	5/16/36	5/16/51	-	2,821	2	0.87
	Sun City/Quail Valley	5/2/06	855	5/2/36	5/2/51	-	3,289	5	0.81
	Highway 74	5/4/10	896	5/4/40	5/4/55	-	5,865	(NA)	0.95
JVPA									
	Mira Loma: Glen Avon, Pedley	12/23/86	636	12/23/26	12/23/36	\$275	1,955	5%	0.04
	Mira Loma Amendment 1	12/18/88	667	12/18/28	12/18/38	695	368	1	0.25
	Mira Loma Amendment 2	12/19/89	686	12/19/29	12/19/39	995	1,533	4	0.09
	Glen Avon, Rubidoux 1	12/22/87	645	12/22/27	12/22/37	495	635	1	0.31
	Pedley, Rubidoux 2	7/5/89	675	7/5/29	7/5/39	535	1,354	4	0.14
	Jurupa Valley Amendment	7/9/96	762/763	7/9/36	7/9/41	-	10,755	23	0.27
MCPA									
	Garnet, Valle Vista, West Garnet, Winchester	12/23/86	637	12/23/27	12/23/37	\$500	980	2%	0.20
	Homeland	12/23/86	637	12/23/27	12/23/37	55	122	0	0.33
	Homeland/Green Acres	5/11/99	785	5/11/30	5/11/45	-	1,307	1	0.38
	North Hemet	12/22/87	646	12/22/28	12/22/38	40	40	0	0.89
	Cabazon	7/11/89	676	7/11/30	7/11/40	135	4,598	4	0.05
	Amendment 2 (Garnet, West Garnet)	1/13/09	887	1/13/39	1/13/54	-	2,693	4	0.53

⁽¹⁾ The Agency amended the pre-1994 plans on November 29, 1994 (Ordinance 750) to bring them into conformance with the requirements of AB1290. The plan limits shown above reflect the changes made through that ordinance. The Agency has extended by one year the Termination of Plan Activities and the Last Date to Repay Indebtedness as permitted under SB1045; dates reflect this extension.

⁽²⁾ The volatility ratio is calculated by dividing the base year assessed valuation by the current year assessed valuation. The volatility ratio for the Project Areas is 0.27%. Source: The Agency, Urban Analytics.

The Fiscal Consultant has determined that certain tax increment caps may be reached prior to the plan limits throughout the life of the Redevelopment Plan. For purposes of the Fiscal Consultant's Report, tax increment collected in Cabazon sub-area of the Mid-County Project Area is expected to reach the tax increment cap prior to the sub-area's plan limit on receipt of tax increment in Fiscal Year 2035-36. Certain other sub-areas in Desert Communities Project Area and Jurupa Valley Project Area are expected to reach their tax increment caps at growth rates of three percent per year and higher on tax increment collection under certain growth assumptions. See APPENDIX B "REPORT OF FISCAL CONSULTANT – Tax Increment Cap."

The Agency has covenanted that it will annually review, no later than December 1 of each year, the total amount of Housing Tax Revenues remaining available to be received by the Agency under the Plan Limitations, as well as future cumulative Annual Debt Service, any obligations of the Agency payable from tax increment revenues that are senior to the Bonds, and payments on obligations that are subordinate to the Bonds. If, based on such review, the allocation of Housing Tax Revenues to the Agency in any of the next three succeeding Fiscal Years will cause an amount equal to ninety-five (95%) of the amount of Housing Tax Revenues remaining under the Plan Limitations to fall below the sum of (i) remaining cumulative Annual Debt Service, (ii) any obligations of the Agency payable from Housing Tax Revenues that are senior to the Bonds, and (iii) payments on obligations that are subordinate to the Bonds, the Agency shall either (1) defease Bonds or Parity Debt by depositing an amount of Housing Tax Revenues equal to the amount that is required to ensure continuing compliance in a defeasance escrow to be held by the Trustee and to be pledged solely to the payment of debt service on the Bonds or Parity Debt, which escrow shall be invested in Defeasance Obligations (as defined in the Indenture) and used for the payment of interest on and principal of and redemption premiums, if any, on the Bonds or Parity Debt or (2) adopt a plan approved by an Independent Redevelopment Consultant which demonstrates the Agency's continuing ability to pay debt service on the Bonds and Parity Debt.

The State Department of Finance has indicated that it considers that tax increment caps not reached prior to the dissolution of redevelopment agencies in 2012 should not be used to prevent payment of enforceable obligations, and that they advise county auditor-controllers to not apply tax increment caps in cases where doing so would prevent payment of enforceable obligations. It is not clear whether this advice will be followed by county auditor-controllers, or that it would withstand any legal challenges. For the purposes of the Fiscal Consultant's Report, it is assumed that tax increment caps will remain in effect.

Appeals of Assessed Valuation

Proposition 8 Appeals. Most of the appeals that might be filed in the Project Areas would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that current market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

The Assessor annually reports on the number of assessments by city and unincorporated area subject to Proposition 8 reductions, and the amount of Proposition 8 reductions. The Assessor reports 79,150 properties reduced through Proposition 8 in Fiscal Year 2015-16 countywide with \$7.7 billion in reduced valuation. This compares to 99,299 properties and \$10.7 billion in Proposition 8 reductions in Fiscal Year 2014-15 and 147,305 properties and \$15.9 billion in Proposition 8 reductions in Fiscal Year 2013-14. While these figures include properties outside of the Project Areas, they indicate that Proposition 8 reductions have decreased substantially on a countywide basis between Fiscal Year 2013-14 and Fiscal Year 2015-16. The assessor does not indicate on the rolls which parcels are subject to Proposition 8.

Base Year Appeals. A second type of assessment appeal is called a Base Year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the “base year” value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

To provide some indication of the proportion of valuation upheld on appeal, Table 3 provides information on resolved appeals filed in previous years in the Project Areas. Overall, the 6,045 appeals settled in the Project Areas during the Fiscal Year 2005-06 to Fiscal Year 2014-15 period resulted in reductions in valuation of \$270.1 million out of \$6.1 billion in enrolled valuation subject to appeals, or around 4%. The overall retention rate has been calculated by the Fiscal Consultant to be approximately 96% of the original valuation.

Applying the 96% retention rate for resolved appeals to the \$2.1 billion in total valuation for parcels with appeals pending indicates a potential valuation reduction of \$90.5 million or approximately \$905,000 in tax revenue. If the full amount of disputed valuation were granted, the reduction in valuation would be \$783.1 million or approximately \$7.8 million in tax revenue. As noted below under “Tax Increment Projection,” no assumptions are made regarding any potential appeal-related adjustments to Project Area valuation.

For more specific information about pending and settled appeals in the Project Areas, see APPENDIX B “REPORT OF FISCAL CONSULTANT – Assessment Appeals.”

**TABLE 3
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Project Areas
Assessment Appeals Activity**

<u>Roll Year</u>	<u>Status</u>	<u>Number of Appeals⁽¹⁾</u>	<u>County Valuation⁽²⁾</u>	<u>Applicant Opinion of Value</u>	<u>Valuation After Appeal</u>	<u>Retention Rate⁽³⁾</u>
2014-15	Resolved	13	\$ 8,403,577	\$ 6,284,528	\$ 8,403,577	-
2014-15	Pending	285	880,451,105	529,905,246	-	TBD
2013-14	Resolved	199	298,835,221	172,614,062	294,159,103	98%
2013-14	Pending	240	929,148,538	607,125,210	-	TBD
2012-13	Resolved	574	1,498,747,719	908,597,903	1,443,323,362	96%
2012-13	Pending	55	171,776,228	101,034,212	-	TBD
2011-12	Resolved	584	1,039,866,373	582,579,619	993,391,714	96%
2011-12	Pending	25	35,645,452	12,714,548	-	TBD
2010-11	Resolved	840	926,783,383	480,599,384	880,506,573	95%
2010-11	Pending	21	18,228,006	8,321,154	-	TBD
2009-10	Resolved	1,719	1,082,309,291	552,086,295	1,025,534,047	95%
2009-10	Pending	8	14,589,862	10,403,467	-	TBD
2008-09	Resolved	1,446	743,457,840	438,251,702	727,599,894	98%
2008-09	Pending	4	9,386,593	6,570,615	-	TBD
2007-08	Resolved	481	227,415,379	124,087,852	208,343,529	92%
2007-08	Pending	-	-	-	-	-
2006-07	Resolved	107	171,544,509	97,449,736	158,192,392	92%
2006-07	Pending	-	-	-	-	-
2005-06	Resolved	82	147,428,147	41,712,381	135,259,797	92%
2005-06	Pending	-	-	-	-	-
All Years	Resolved	6,045	\$6,144,791,439	\$3,404,263,462	\$5,874,713,988	96%
All Years	Pending	638	\$2,059,225,784	\$1,276,074,452	TBD	TBD

⁽¹⁾ Data is current as of March 26, 2015.

⁽²⁾ Table excludes the following sub-areas that did not generate tax increment in FY2014-15: DCPA (North Shore), DCPA Amend 2 (100 Palms/Oasis) and I-215 Highway 74 Communities.

⁽³⁾ Expressed in percentage. Retention Rate is the proportion of value retained after resolution of an appeal. The rate is calculated by dividing the “Valuation After Appeal” into the “County Valuation.” For withdrawn and denied appeals, the “Valuation After Appeal” is the original County valuation.

Source: Riverside County Assessor; Urban Analytics.

TABLE 4
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Project Areas⁽¹⁾⁽²⁾
Summary of Large Appeals

<u>Roll Year</u>	<u>Owner Name</u>	<u>Status</u>	<u>County Valuation</u>	<u>Applicant Opinion of Value</u>	<u>Valuation After Appeal</u>
2014-15	CASTLE & COOKE CORONA CROSSINGS II INC	1 Pending	\$ 2,122,566	\$ 1,050,000	\$ TBD
2014-15	COSTCO WHOLESALE CORP	3 Pending	99,330,324	64,000,000	TBD
2014-15	KNOX LOGISTICS	1 Pending	1,435,998	1,076,999	TBD
2014-15	LBA CPT INDUSTRIAL CO I	2 Pending	75,102,564	-	TBD
2013-14	CASTLE & COOKE CORONA CROSSINGS II INC	2 Resolved	21,514,282	15,252,500	21,514,282
2013-14	COSTCO WHOLESALE CORP	3 Pending	100,130,902	65,000,000	TBD
2012-13	AMB INSTITUTIONAL ALLIANCE FUND III	1 Resolved	39,000,000	31,000,000	39,000,000
2012-13	CASTLE & COOKE CORONA CROSSINGS II INC	2 Resolved	21,092,435	14,136,000	18,801,545
2012-13	COLE ID RIVERSIDE CA	1 Pending	91,500,000	40,000,000	TBD
2012-13	COSTCO WHOLESALE CORP	3 Resolved	103,565,901	66,000,000	103,565,901
2011-12	AMB INSTITUTIONAL ALLIANCE FUND III	1 Resolved	78,664,431	31,350,000	78,664,431
2011-12	CASTLE & COOKE CORONA CROSSINGS I INC	2 Resolved	13,749,466	9,149,000	13,749,466
2011-12	CASTLE & COOKE CORONA CROSSINGS II INC	1 Resolved	2,030,928	1,006,000	2,030,928
2011-12	LBA CPT INDUSTRIAL CO I	1 Resolved	42,414,000	35,000,000	42,414,000
2010-11	CASTLE & COOKE CORONA CROSSINGS I INC	3 Resolved	14,905,231	9,469,112	14,905,231
2010-11	CASTLE & COOKE CORONA CROSSINGS II INC	2 Resolved	3,815,043	2,266,000	3,815,043

⁽¹⁾ Appeals filed on properties owned by the ten largest owners for 2014-15. Data is current as of March 26, 2015.

⁽²⁾ Table excludes the following sub-areas that did not generate tax increment in FY2014-15: DCPA (North Shore), DCPA Amend 2 (100 Palms/Oasis) and I-215 Highway 74 Communities.

Source: Riverside County Assessor.

Property Taxes and Inflation Rates

The taxable values of property are established each year on the January 1 property tax lien date. Real property values reflect the reported assessed values for secured and unsecured land and improvements. The base year value of a parcel is the value established as the full market value upon a parcel's sale, improvement or other reassessment. Article XIII A of the California Constitution (Proposition 13) provides that a parcel's base year value is established when locally assessed real property undergoes a change in ownership or when new construction occurs. Following the year a parcel's base year value is first enrolled, the parcel's value is factored annually for inflation. The term base year value does not, in this instance, refer to the base year value of the Project Areas. Pursuant to Article XIII A, Section 2(b) of the State Constitution and California Revenue and Taxation Code Section 51, the percentage increase in the parcel's value cannot exceed 2% of the prior year's value.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal 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 secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate. Utility property assessed by the State Board of Equalization (the "Board") may be revalued annually and such assessments are not subject to the inflation limitations established by Proposition 13. The taxable value of Personal Property is also established on the lien dates and is not subject to the annual 2% limit of locally assessed real property.

Each year the Board announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. Through 2010-11 there were six occasions when the inflation factor has been less than 2%. Until 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels, however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was a -0.237% and this resulted in a reductions to the adjusted base year value of parcels. The changes in the California Consumer Price Index (CCPI) from October of one year and October of the next year are used to determine the adjustment factor for

the January assessment date. The table below reflects the inflation adjustment factors for the current fiscal year, ten prior fiscal years and the estimated adjustment factor for the next fiscal year.

Historical Inflation Adjustment Factors

<u>Fiscal Year</u>	<u>Inflation Adj. Factor</u>
2004-05	1.867
2005-06	2.000
2006-07	2.000
2007-08	2.000
2008-09	2.000
2009-10	2.000
2010-11	-0.237
2011-12	0.753
2012-13	2.000
2013-14	2.000
2014-15	0.454
2015-16	1.998

Source: State of California Board of Equalization.

Supplemental Assessment Revenues

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against real property.

Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Assessment Revenues by taxing entities typically follows the change of ownership by a year or more. The Agency has not included revenues resulting from Supplemental Assessments in its projections.

Land Use in the Project Areas

A large percentage of land in all Project Areas (in terms of assessed valuation) is used for residential purposes. The following table shows the land use in the Project Areas, based on 2015-16 assessed valuation.

TABLE 5
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Project Areas
Land Use Fiscal Year 2015-16⁽¹⁾

<u>Land Use</u>	<u>Secured AV⁽¹⁾</u>	<u>Pct of AV</u>	<u>Number of Parcels⁽²⁾</u>	<u>Pct of Parcels</u>	<u>Acres⁽³⁾</u>	<u>Pct of Acres</u>
Agricultural	\$ 199,842,301	1.7%	448	0.8%	5,749	8.0%
Commercial	1,699,416,967	14.1	1,705	3.0	2,984	4.2
Industrial	2,852,211,500	23.6	714	1.3	2,239	3.1
Single-Family Residential	4,691,326,378	38.8	24,130	42.6	5,144	7.2
Condominiums	106,715,311	0.9	559	1.0	15	0.0
Other Residential	1,217,345,727	10.1	11,889	21.0	14,954	20.9
Vacant	1,251,707,933	10.3	16,400	29.0	14,359	20.0
Other	<u>75,986,441</u>	<u>0.6</u>	<u>741</u>	<u>1.3</u>	<u>26,274</u>	<u>36.6</u>
Total	\$12,094,552,558	100.0%	56,586	100.0%	71,718	100.0%

⁽¹⁾ Valuations include homeowner's exemptions, which are restored by the Auditor prior to the calculation of tax increment.

⁽²⁾ Table excludes the following sub-areas that did not generate tax increment in Fiscal Year 2015-16: DCPA (North Shore), DCPA Amend 2 (100 Palms/Oasis).

⁽³⁾ Acreage is estimated using tax roll data and information provided by the Agency.

Source: County Assessor, Urban Analytics.

Historic Assessed Valuation

Based on assessment roll data provided by the County Assessor and State Board of Equalization, the total assessed valuation in the Project Areas is approximately \$13 billion in 2015-16, after deducting all exemptions. This represents an increase of 7.9% over 2014-15 and 12.2% in 2013-14, a decrease of 6.8% in fiscal year 2012-13 and an increase of 0.6% in fiscal year 2011-12.

The secured roll accounted for 87.2% of the total valuation in the Project Areas in 2014-15, with the unsecured and utility rolls comprising 5.9% and the non-unitary utility roll valuation accounting for 6.9%. The table below shows a ten year history of assessed valuation in the Project Areas. See APPENDIX A "INFORMATION ABOUT EACH PROJECT AREA" for historic valuations for each of the Project Areas.

TABLE 6
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Project Areas
Historic Assessed Valuation,
Tax Increment Collected And Housing Tax Revenues

Roll ⁽¹⁾	2005-06	2006-07	2007-08	2008-09	2009-10 ⁽²⁾	2010-11	2011-12	2012-13	2013-14	2014-15 ⁽³⁾
Secured										
- Land	\$ 2,513,814,642	\$ 3,236,802,753	\$ 4,285,175,035	\$ 4,595,829,225	\$ 4,253,663,307	\$ 3,894,142,907	\$ 3,863,848,134	\$ 3,518,314,698	\$ 3,887,462,351	\$ 4,164,610,667
- Improvements	4,118,245,968	5,003,912,961	6,337,141,642	6,764,167,624	6,557,879,656	6,220,359,999	6,184,398,238	5,925,394,846	6,378,730,962	7,061,884,662
- Personal Property	52,497,024	61,819,374	72,828,985	72,939,379	79,177,222	78,072,186	69,980,399	62,662,368	64,584,364	64,424,763
- Exemptions	(167,420,056)	(184,216,917)	(224,076,126)	(231,923,443)	(243,364,999)	(254,926,858)	(246,279,891)	(213,597,441)	(265,260,970)	(279,891,599)
Secured Total	\$ 6,517,137,578	\$ 8,118,318,171	\$ 10,471,069,536	\$ 11,201,012,785	\$ 10,647,355,186	\$ 9,937,648,234	\$ 9,871,946,880	\$ 9,292,774,471	\$ 10,065,516,707	\$ 11,011,028,493
Unsecured										
- Land	\$ 450,650	\$ 420,559	\$ 298,648	\$ 258,265	\$ 98,547	\$ 1,300,011	\$ 1,164,465	\$ 1,154,572	\$ 74,781	\$ 41,511
- Improvements	270,832,327	294,989,193	338,846,469	381,732,795	415,475,664	416,844,631	419,103,213	443,415,903	457,618,177	438,859,559
- Personal Property	347,764,109	428,885,272	433,228,160	462,182,333	392,364,506	371,108,086	404,189,942	412,173,055	388,998,042	427,630,854
- Exemptions	(3,529,600)	(3,093,200)	(3,188,850)	(3,173,503)	(362,991)	(53,985)	(64,236)	(1,537,122)	(54,573)	(3,442,293)
Unsecured Total	\$ 615,517,686	\$ 721,201,824	\$ 769,184,427	\$ 840,999,890	\$ 807,575,726	\$ 789,198,743	\$ 824,393,384	\$ 855,206,408	\$ 846,636,427	\$ 863,089,631
Utility										
- Land	\$ 4,914,381	\$ 11,116,500	\$ 9,636,436	\$ 9,751,026	\$ 5,067,003	\$ 9,977,408	\$ 18,988,307	\$ 18,426,907	\$ 18,748,118	\$ 26,888,041
- Improvements ⁽³⁾	7,811,954	7,828,299	247,826,303	460,215,445	750,860,568	706,483,718	800,295,177	566,313,574	1,110,944,140	1,089,445,104
- Personal Property	1,093,400	904,907	280,436	348,732	355,415	116,500	46,601	41,128	33,319	44,528
- Exemptions	0	0	0	0	0	0	0	0	0	0
Utility Total	\$ 13,819,735	\$ 19,849,706	\$ 257,743,175	\$ 470,315,203	\$ 756,282,986	\$ 716,577,626	\$ 819,330,085	\$ 584,781,609	\$ 1,129,725,577	\$ 1,116,377,673
Totals:	\$ 7,146,474,999	\$ 8,859,369,701	\$ 11,497,997,138	\$ 12,512,327,878	\$ 12,211,213,898	\$ 11,443,424,603	\$ 11,515,670,349	\$ 10,732,762,488	\$ 12,041,878,711	\$ 12,990,495,797
Percent Change	19.03%	23.97%	29.78%	8.82%	(2.41)%	-6.29%	0.63%	-6.80%	12.20%	7.88%
Plus: HOPTR AV*	\$ 81,765,161	\$ 82,512,171	\$ 93,980,460	\$ 94,498,361	\$ 94,574,600	\$ 93,701,619	\$ 92,537,463	\$ 80,587,911	\$ 87,016,647	\$ 92,000,924
Less: Base AV	2,325,277,564	2,325,277,564	2,966,434,812	2,963,767,175	2,963,749,239	2,962,999,259	2,962,999,259	2,320,069,755	3,126,875,484	3,420,913,952
Incremental AV:	\$ 4,902,962,596	\$ 6,616,604,308	\$ 8,625,542,786	\$ 9,643,059,064	\$ 9,342,039,259	\$ 8,574,126,963	\$ 8,645,208,533	\$ 8,493,280,644	\$ 9,002,019,874	\$ 9,661,582,769
Incremental Revenue (1%)	\$ 49,029,626	\$ 66,166,043	\$ 86,255,428	\$ 96,430,591	\$ 93,420,393	\$ 85,741,270	\$ 86,452,086	\$ 84,932,806	\$ 90,020,199	\$ 96,615,828

* The Homeowner's Property Tax Relief exemption, reimbursed by the state.

(1) The table excludes sub-areas that did not generate tax increment in a given year. These excluded areas may vary by year.

(2) Fiscal Year 2014-15 figures exclude the following sub-areas that did not generate tax increment in that year: DCPA (North Shore), DCPA Amend 2 (100 Palms/Oasis) and I-215 Highway 74 Communities.

(3) Fiscal Year 2013-14 CPV Sentinel electric facility is placed on Assessor's Roll.

Source: County Assessor, Urban Analytics.

Largest Taxpayers in the Project Areas

The following table shows the ten largest taxpayers in the Project Areas. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers in the table below. For a brief description of the three largest property tax payers in the Project Areas, as well as the locations by Sub-Area, see APPENDIX B "REPORT OF FISCAL CONSULTANT – Ten Largest Assesseees."

Two large energy facilities account for approximately 7.0% of the total assessed valuation in the Project Areas; both are assessed by the State Board of Equalization rather than the county assessor. CPV Sentinel is an 800-megawatt electric generating facility capable of operating on both gas and liquid fuels. The plant uses General Electric LMS100 turbines that are able to produce full power from a "cold start" within 10 minutes. This project has a 10 year Power Purchase Agreement with Southern California Edison to provide "peaking power" during periods of high demand. It is located in the Amendment 2 sub-area of the Mid-County Project Area. Owned by Competitive Power Ventures, GE Energy Financial Services and Diamond Generating Corp., the facility was initially assessed at \$28.8 million in Fiscal Year 2012-13, increasing to \$682.5 million in Fiscal Year 2013-14, \$762.1 million in Fiscal Year 2014-15 and decreasing to \$653.2 million in fiscal year 2015-16.

The second energy facility, the Inland Empire Energy Center, is an 800-megawatt power plant located on 46 acres in the Romoland 2003 Annex sub-area of the I-215 Project Area. The power plant, owned by General Electric and operated by Calpine Corporation, was licensed by the California Energy Commission in 2005. Inland Empire Energy is a combined cycle gas turbine power plant that uses combustion turbine-generators with heat recovery steam generators. The combined cycle plants are designed to provide steady base load power as opposed to being used to intermittently as is the case with "peaker" plants. Unit 1 of the plant's two 400-megawatt units came online in 2008 while the second unit's startup was delayed for unspecified repairs; both units were taken offline for further repairs in April 2011. The property was valued at \$346.6 million in Fiscal Year 2014-15. Valuation on this property increased from \$459 million in Fiscal Year 2008-09 to \$748.7 million in Fiscal Year 2009-10 due to construction, decreasing to \$709 million in Fiscal Year 2010-11 as the assessment was adjusted upon construction completion, increasing to \$811 million in Fiscal Year 2011-12 then decreasing to \$577.5 million in Fiscal Year 2012-13, \$440.2 million in Fiscal Year 2013-14, \$346.6 million in Fiscal Year 2014-15 and \$295.0 million in fiscal year 2015-16. The reasons for the decrease in the past three years have not been reported either by the plant operator or by the State Board of Equalization.

The Chelsea GCA Realty Partnership is the owner of a regional shopping center in the 1989 Annex sub-area of the Mid-County Project Area. The Castle & Cooke property is the Crossings at Corona regional retail center near Interstate 15 in the Corona area of the I-215 Project Area.

Both Teachers Insurance Annuity Association and AMB Institutional Alliance Fund own several industrial properties in the Jurupa Valley Amendment sub-area of the Jurupa Valley Project Area; Costco Wholesale Corp also operates a retail facility in that sub-area. Cole ID Riverside has an industrial storage facility in the Highgrove sub-area of the I-215 Project Area. Eastvale Gateway is a regional shopping center in the Jurupa Valley Amendment sub-area of the Jurupa Valley Project Area. UPS Supply Chain Solutions owns an industrial facility also in that sub-area.

TABLE 7
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Project Areas
Largest Property Tax Payers – 2015-16⁽¹⁾

Property Owner	Secured and		Unsecured	Total	Pet of Total	Sub-Area
	Utility	Total				
CPV SENTINEL, LLC	\$ 653,200,000	\$ 653,200,000	-	\$ 653,200,000	4.71%	MCPA (Amendment No. 2)
INLAND EMPIRE ENERGY CENTER, LLC	295,000,000	295,000,000	-	295,000,000	2.13	I-215 (Romoland 2003 Annex)
CHELSEA GCA REALTY PARTNERSHIP	240,569,323	240,569,323	-	240,569,323	1.73	MCPA (1989 Annex)
CASTLE & COOKE	174,284,557	174,284,557	-	174,284,557	1.26	PA1 (El Cerrito/Temescal)
TEACHERS INSURANCE ANNUITY ASSN	134,935,366	134,935,366	-	134,935,366	0.97	JVPA (1996 Amendment)
AMB INSTITUTIONAL ALLIANCE FUND III ⁽²⁾	107,506,590	107,506,590	-	107,506,590	0.77	JVPA (1996 Amendment)
COSTCO WHOLESALE CORP ⁽²⁾	96,266,455	96,266,455	-	96,266,455	0.69	JVPA (1996 Amendment)
COLE ID RIVERSIDE CA ⁽²⁾	95,626,913	95,626,913	-	95,626,913	0.69	I-215 (Highgrove Amendment No. 1)
EASTVALE GATEWAY	89,222,730	89,222,730	-	89,222,730	0.64	JVPA (1996 Amendment)
UPS SUPPLY CHAIN SOLUTIONS GEN SERV INC	84,783,324	84,783,324	-	84,783,324	0.61	JVPA (1996 Amendment)
Total, Top Ten:	\$ 1,934,035,552	\$ 1,934,035,552	-	\$ 1,934,035,552	13.94%	
Total, Top Twenty:	\$ 2,456,126,598	\$ 2,457,392,277	\$ 1,265,679	\$ 2,457,392,277	17.71%	
Total, Top Hundred:	\$ 3,947,984,597	\$ 4,174,957,160	\$ 226,972,563	\$ 4,174,957,160	30.09%	
Totals for the Area:	\$13,050,503,101	\$13,874,047,651	\$823,544,550	\$13,874,047,651	100.00%	

⁽¹⁾ Table excludes the following sub-areas that did not generate tax increment in FY2015-16: DCPA (North Shore) and DCPA Amend 2 (100 Palms/Oasis).

⁽²⁾ Has one or more appeals pending on assessed valuation, see “-Assessed Valuation Appeals.”

Source: County Assessor, Urban Analytics.

Successor Agency Indebtedness

In addition to the Bonds, the Agency currently has the following outstanding indebtedness (see APPENDIX C “Successor Agency Audited Financial Statements for Fiscal Year Ending June 30, 2014” hereto for additional information relating to the payment of indebtedness of Agency).

A description of outstanding housing indebtedness of the Agency, other than the Bonds, as of July 1, 2015 as follows:

TABLE 8
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Summary of Outstanding Housing Debt
(As of July 1, 2015)
[Update]

	Balance
	<u>July 1, 2015</u>
Bonds:	
2004 A-T Bonds	\$ 25,280,000
2005 Bonds ⁽¹⁾⁽²⁾	14,185,000
2010 Bonds	15,885,000
2010 A-T Bonds	47,340,000
2011 Bonds	14,093,028
2011 A-T Bonds	9,300,000
2014 Bonds	<u>36,465,000</u>
Total	\$162,548,028

⁽¹⁾ To be refunded.

⁽²⁾ Shown in audit as aggregate or “Loans Payable.”

Source: County of Riverside.

Property Taxes; Teeter Plan

The County utilized a mechanism for the distribution of tax increment revenue to the former redevelopment agencies that has a similar effect on the Agency’s tax increment revenues as the device known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the county to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency’s Redevelopment Property Tax Trust Fund on January 2 and the other one-half on June 1; delinquencies are not deducted from the Redevelopment Property Tax Trust Fund revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to Redevelopment Property Tax Trust Fund revenue. Consequently, the Agency is not affected by delinquent tax payments. However, the County Auditor-Controller’s office has indicated that the County may cease to use this mechanism at some future date. There is no indication of when or whether this change may occur or what tax increment distribution mechanism would replace it.

Financial Statements

The Successor Agency maintains separate audited financial statements for financial reporting. The Successor Agency’s audited financial statements for the Fiscal Year ended June 30, 2014, are included as Appendix C to this Official Statement. The Successor Agency has not requested nor did the Successor Agency obtain permission from the Auditor to include the audited financial statement as an appendix to this Official

Statement. Accordingly, the auditor has not performed any post audit review of the financial conditions and operations of the Successor Agency.

Residual Tax Revenue

There are 5 total active redevelopment project areas administered by the Successor Agency. Pursuant to Section 34177.5(g) of the Dissolution Act, bonds issued by a successor agency, including the Successor Agency, are secured by a pledge and lien on all moneys deposited from time to time in the Redevelopment Property Tax Trust Fund (“RPTTF”). See “SECURITY FOR THE BONDS – Agency Indenture,” herein. Such pledge and lien is subordinate to any existing pledges or liens on such tax revenues. Accordingly, tax revenue generated from property located in one of the other project areas administered by the Successor Agency, subject to existing liens and priority claims, is available to pay debt service on the Bonds, if available pursuant to paragraph (2) of subdivision (a) of Section 34183 and Section 34177.5(g) of the Dissolution Act. Additionally, the Agency’s 2014 Bonds for Project Area No. 1, I-215 Corridor, and Desert Communities Project Area, 2015 Bonds for Jurupa Valley Project Area and Mid-county Project Area, together with the 2015 Bonds, have the pledge of residual RPTTF Funds, and future tax allocation bonds of the Successor Agency are expected to be secured, in part, by the residual amounts remaining in the RPTTF. This pledge of residual amounts in the RPTTF is only available after the payment of all senior enforceable obligations, and will continue to be spread among the five project areas of the Successor Agency as existing tax allocation bonds of the Successor Agency are refinanced. The Report of Fiscal Consultant, attached as Appendix B, shows total assessed values and incremental revenues for all project areas as well as the largest property tax payers in all areas combined. The top ten tax payers for all project areas amount to 13.94% of the total assessed value.

The total principal amount of bonds outstanding of the Successor Agency is \$503,822,721 for non-housing bonds and \$162,548,028 for housing bonds. The total annual amount of tax increment for all project areas in 2014-15 is \$100,544,146 and payments on all obligations of the Successor Agency were \$56,739,304 with a residual balance of \$19,150,341. See Appendix B “REPORT OF FISCAL CONSULTANT.”

The table below sets forth the residual tax revenues which were distributed to taxing entities for each fiscal year since Fiscal Year 2011-12. Amounts from other project areas have not been included in any of the Tax Revenue projections contained in this Appendix.

**TABLE 9
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Redevelopment Project Area
Historical Residual RPTTF Revenues**

<u>Fiscal Year</u>	<u>ROPS Filed</u>	<u>Property Tax Deposits (RPTTF)</u>	<u>County Administrative Distributions</u>	<u>Passthrough Distributions⁽²⁾</u>	<u>Available for Enforceable Obligations</u>	<u>Enforceable Obligations with TI Pledge</u>	<u>Debt Service Payments</u>	<u>Excess RTTF Revenue</u>
2011-12	ROPS I and II	\$ 90,463,742	\$1,138,494	\$21,804,232	\$67,521,016	\$419,667	\$56,802,651	\$10,298,698
2012-13	ROPS III and 13-14A	90,395,395	1,238,003	23,104,432	66,052,960	391,000	56,803,525	8,858,435
2013-14	ROPS 13-14B and 14-15 ⁽¹⁾	104,936,072	1,208,571	35,115,754	68,611,747	786,435	56,808,382	11,016,930
2014-15	ROPS 14-15B and 15-16A	100,544,146	1,261,498	23,393,003	75,889,645	691,502	56,047,802	19,150,341

⁽¹⁾ Debt service levy collections included in Property Tax Deposits for FY 2013-14 were offset by matching Passthrough Distributions.

⁽²⁾ Passthrough Distributions include subordinated pass-through payments.

Source: Riverside County Auditor Controller.

See the Fiscal Consultant’s Report attached as Appendix B to this Official Statement for additional information related to all of the Successor Agency’s active project areas, including a description of the concentration of ownership across all such project areas. As the Successor Agency continues to wind down its affairs pursuant to the Dissolution Act, residual RPTTF revenues are expected to increase as enforceable obligations are retired. This may be offset to some extent by the project areas reaching their respective plan limits affecting the Successor Agency’s eligibility to receive tax revenues from such project areas.

PROJECTED COVERAGE ON THE BONDS

The Successor Agency has retained Urban Analytics, LLC, San Francisco, California (the "Fiscal Consultant"), to analyze the Project Areas and to project future tax increment revenues for the Project Areas. The Fiscal Consultant's report is included as Appendix B and should be read in its entirety.

Net tax increment is calculated by adding in an estimate of unitary revenue, based on prior-year amounts, and deducting estimates of the County's property tax administration fee. Revenue from supplemental assessments is not included in this total as it is a highly variable revenue source and not subject to precise calculation. Supplemental revenues are separately estimated and factored into calculations regarding tax increment caps but are not included in the projection of Tax Revenues.

The projection incorporates the Proposition 13 adjustment of 2% for real property from Fiscal Year 2015-16 forward. The projection does not take into consideration any changes in assessed valuation due to new construction, property sales, Proposition 8 reductions, assessment appeals or other factors. The actual growth rate may be less than the projected rate in the Project Areas. Secured personal property and unsecured valuations are assumed to remain constant throughout.

Some Sub-Areas will terminate before Fiscal Year 2036-37 (the final maturity of the Bonds). See "Table 2" herein for the dates when each Sub-Area can no longer repay debt. In addition, certain Sub-Areas in the Jurupa Valley Project Area, the Mid-County Project Area and Desert Communities Project Area may reach their tax increment caps contained in the Redevelopment Plan before Fiscal Year 2036-37. See APPENDIX B "REPORT OF FISCAL CONSULTANT – Tax Increment Cap."

Tax increment and Housing Tax Revenues may increase or decrease at rates that differ from those shown. Decreases in assessed valuation in later years are due to the plan termination dates for the various Sub-Areas. See APPENDIX A "INFORMATION ABOUT EACH PROJECT AREA" for information about each Project Area and APPENDIX B "REPORT OF FISCAL CONSULTANT – Tax Increment Through Plan Terminations."

TABLE 10
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Project Areas
Projected Tax Revenues⁽¹⁾

Fiscal Year	1-1986 Tax Revenues	Jurupa Tax Revenues	Mid-County Tax Revenues	Desert Communities Tax Revenues	I-215 Tax Revenues	Total Tax Revenues
2015-16	\$9,837,904	\$39,619,462	\$10,609,789	\$24,415,521	\$18,164,239	\$102,646,915
2016-17	10,102,827	40,541,938	10,922,090	24,928,797	18,766,710	105,262,362
2017-18	10,373,049	41,482,863	11,240,636	25,452,340	19,381,230	107,930,118
2018-19	10,648,675	42,442,607	11,565,553	25,986,352	20,008,041	110,651,229
2019-20	10,929,814	43,421,547	11,896,969	26,531,046	20,647,388	113,426,763
2020-21	11,216,575	44,420,064	12,235,013	27,086,633	21,299,522	116,257,807
2021-22	11,509,072	45,438,552	12,579,817	27,653,331	21,964,699	119,145,472
2022-23	11,807,418	46,477,410	12,931,518	28,231,364	22,643,179	122,090,890
2023-24	12,111,731	47,537,045	13,290,253	28,820,958	23,335,229	125,095,217
2024-25	12,422,131	48,617,873	13,656,163	29,422,343	24,041,120	128,159,630
2025-26	12,738,739	49,720,318	14,029,391	30,035,756	24,761,129	131,285,332
2026-27	13,061,679	50,844,811	14,410,083	30,661,437	25,495,538	134,473,547
2027-28	13,391,077	51,991,794	13,490,277	31,299,632	26,244,635	136,417,415
2028-29	13,727,064	53,161,717	10,345,438	31,950,591	27,008,714	136,193,524
2029-30	14,069,770	54,355,038	10,661,131	32,614,569	27,788,074	139,488,582
2030-31	14,419,331	55,572,226	10,983,137	33,291,826	28,583,022	142,849,542
2031-32	14,775,882	56,813,757	11,311,584	33,982,629	29,393,869	146,277,721
2032-33	15,139,565	58,080,119	11,646,599	34,687,247	30,220,933	149,774,463
2033-34	15,510,522	59,371,808	11,988,315	35,405,958	31,064,537	153,341,140
2034-35	15,888,897	60,689,331	12,336,865	26,713,182	31,925,014	147,553,289
2035-36	16,274,840	62,033,205	12,692,385	4,127,739	32,802,701	127,930,870
2036-37	16,668,502	63,403,956	13,055,017	4,219,954	33,697,941	131,045,370
2037-38	14,293,026	57,905,234	10,699,838	3,195,711	27,795,210	113,889,019
2038-39	14,647,989	56,776,108	11,003,340	3,182,983	28,373,715	113,984,134
2039-40	15,010,051	55,754,469	11,326,272	2,329,453	29,170,424	113,590,668
2040-41	15,379,354	43,717,161	11,655,663	2,386,316	26,967,420	100,105,914
2041-42	15,756,043	44,732,233	11,991,642	2,444,317	27,735,782	102,660,018
2042-43	16,140,267	-	12,334,340	2,503,478	28,519,512	59,497,597
2043-44	16,532,174	-	12,683,892	2,563,822	29,318,916	61,098,805
2044-45	16,931,920	-	13,040,436	2,625,373	20,963,300	53,561,030
2045-46	-	-	11,138,225	-	21,610,329	32,748,554
2046-47	-	-	11,452,008	-	22,270,298	33,722,306
2047-48	-	-	11,772,066	-	22,943,467	34,715,533
2048-49	-	-	12,098,526	-	11,686,491	23,785,017
2049-50	-	-	12,431,515	-	12,113,502	24,545,017

⁽¹⁾ See prior page for assumptions for projection of Tax Revenues.
Source: Urban Analytics; The Agency.

TABLE 11
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Project Areas
Projected Housing Tax Revenues

Fiscal Year	1-1986 Housing Tax Revenues	Jurupa Housing Tax Revenues	Mid-County Housing Tax Revenues	Desert Communities Housing Tax Revenues	I-215 Housing Tax Revenues	Total Housing Tax Revenues
2015-16	\$1,967,581	\$7,923,892	\$2,121,958	\$4,883,104	\$3,632,848	\$20,529,383
2016-17	2,020,565	8,108,388	2,184,418	4,985,759	3,753,342	21,052,472
2017-18	2,074,610	8,296,573	2,248,127	5,090,468	3,876,246	21,586,024
2018-19	2,129,735	8,488,521	2,313,111	5,197,270	4,001,608	22,130,246
2019-20	2,185,963	8,684,309	2,379,394	5,306,209	4,129,478	22,685,353
2020-21	2,243,315	8,884,013	2,447,003	5,417,327	4,259,904	23,251,561
2021-22	2,301,814	9,087,710	2,515,963	5,530,666	4,392,940	23,829,094
2022-23	2,361,484	9,295,482	2,586,304	5,646,273	4,528,636	24,418,178
2023-24	2,422,346	9,507,409	2,658,051	5,764,192	4,667,046	25,019,043
2024-25	2,484,426	9,723,575	2,731,233	5,884,469	4,808,224	25,631,926
2025-26	2,547,748	9,944,064	2,805,878	6,007,151	4,952,226	26,257,066
2026-27	2,612,336	10,168,962	2,882,017	6,132,287	5,099,108	26,894,709
2027-28	2,678,215	10,398,359	2,698,055	6,259,926	5,248,927	27,283,483
2028-29	2,745,413	10,632,343	2,069,088	6,390,118	5,401,743	27,238,705
2029-30	2,813,954	10,871,008	2,132,226	6,522,914	5,557,615	27,897,716
2030-31	2,883,866	11,114,445	2,196,627	6,658,365	5,716,604	28,569,908
2031-32	2,955,176	11,362,751	2,262,317	6,796,526	5,878,774	29,255,544
2032-33	3,027,913	11,616,024	2,329,320	6,937,449	6,044,187	29,954,893
2033-34	3,102,104	11,874,362	2,397,663	7,081,192	6,212,907	30,668,228
2034-35	3,177,779	12,137,866	2,467,373	5,342,636	6,385,003	29,510,658
2035-36	3,254,968	12,406,641	2,538,477	825,548	6,560,540	25,586,174
2036-37	3,333,700	12,680,791	2,611,003	843,991	6,739,588	26,209,074
2037-38	2,858,605	11,581,047	2,139,968	639,142	5,559,042	22,777,804
2038-39	2,929,598	11,355,222	2,200,668	636,597	5,674,743	22,796,827
2039-40	3,002,010	11,150,894	2,265,254	465,891	5,834,085	22,718,134
2040-41	3,075,871	8,743,432	2,331,133	477,263	5,393,484	20,021,183
2041-42	3,151,209	8,946,447	2,398,328	488,863	5,547,156	20,532,004
2042-43	3,228,053	-	2,466,868	500,696	5,703,902	11,899,519
2043-44	3,306,435	-	2,536,778	512,764	5,863,783	12,219,761
2044-45	3,386,384	-	2,608,087	525,075	4,192,660	10,712,206
2045-46	-	-	2,227,645	-	4,322,066	6,549,711
2046-47	-	-	2,290,402	-	4,454,060	6,744,461
2047-48	-	-	2,354,413	-	4,588,693	6,943,107
2048-49	-	-	2,419,705	-	2,337,298	4,757,003
2049-50	-	-	2,486,303	-	2,422,700	4,909,003

Source: Urban Analytics; The Agency.

The table below sets forth the debt service and expected debt service coverage for the Bonds and the Outstanding Parity Bonds.

TABLE 12
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Combined Project Areas
Projected Debt Service Coverage Schedule*

Fiscal Year	Projected Housing Tax Revenues⁽¹⁾	Outstanding Parity Bonds	Bonds Debt Service*	Total Debt Service*	Coverage Ratio*
2015-16	\$20,529,383	\$12,086,028	\$1,074,050	\$13,160,078	1.56x
2016-17	21,052,472	12,086,064	1,080,250	13,166,314	1.60x
2017-18	21,586,024	12,086,947	1,076,050	13,162,997	1.64x
2018-19	22,130,246	12,086,031	1,076,250	13,162,281	1.68x
2019-20	22,685,353	12,082,179	1,085,500	13,167,679	1.72x
2020-21	23,251,561	12,079,396	1,083,000	13,162,396	1.77x
2021-22	23,829,094	12,090,657	1,074,250	13,164,907	1.81x
2022-23	24,418,178	12,084,511	1,079,500	13,164,011	1.85x
2023-24	25,019,043	12,072,901	1,088,000	13,160,901	1.90x
2024-25	25,631,926	12,090,209	1,074,500	13,164,709	1.95x
2025-26	26,257,066	12,082,991	1,085,000	13,167,991	1.99x
2026-27	26,894,709	12,081,855	1,083,250	13,165,105	2.04x
2027-28	27,283,483	11,949,162	1,079,750	13,028,912	2.09x
2028-29	27,238,705	11,952,900	1,079,500	13,032,400	2.09x
2029-30	27,897,716	11,941,363	1,087,250	13,028,613	2.14x
2030-31	28,569,908	11,946,638	1,082,500	13,029,138	2.19x
2031-32	29,255,544	11,943,613	1,085,750	13,029,363	2.25x
2032-33	29,954,893	11,945,813	1,081,500	13,027,313	2.30x
2033-34	30,668,228	13,107,025		13,107,025	2.34x
2034-35	29,510,658	13,111,575		13,111,575	2.25x
2035-36	25,586,174	13,107,150		13,107,150	1.95x
2036-37	26,209,074	13,106,900		13,106,900	2.00x
2037-38	22,777,804	7,885,050		7,885,050	2.89x
2038-39	22,796,827	7,668,900		7,668,900	2.97x
3039-40	22,718,134	7,091,100		7,091,100	3.20x
2040-41	20,021,183	5,175,450		5,175,450	3.87x
2041-42	20,532,004	5,174,138		5,174,138	3.97x
2042-43	11,899,519				
2043-44	12,219,761				
2044-45	10,712,206				
2045-46	6,549,711				
2046-47	6,744,461				
2047-48	6,943,107				
2048-49	4,757,003				
2049-50	4,909,003				

⁽¹⁾ Funds shown for purposes of this coverage table represent only Housing Tax Revenues. However, all funds deposited into the RPTTF of the Agency are available to pay debt service on the Bonds. See "SECURITY FOR THE BONDS – Redevelopment Property Tax Trust Fund," and "Security for the Bonds."

Source: Urban Analytics; The Agency.

* Preliminary, subject to change.

BOND OWNERS' RISKS

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

Limited Special Obligations

The Bonds will be special obligations of the Agency, payable from and secured as to the payment of the principal thereof and the redemption premium, if any, and the interest thereon in accordance with their terms and the terms of the Indenture. Neither the State nor any public agency (other than the Agency) is obligated to pay the principal of or redemption premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof is pledged to the payment of the principal of or redemption premium, if any, or interest on the Bonds. The payment of the principal of or redemption premium, if any, or interest on the Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Agency).

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a ROPS may be made by the Successor Agency from the funds specified in the ROPS. Before each six-month period, the Dissolution Act requires the Successor Agency to prepare and submit to the Successor Agency's Oversight Board and the State Department of Finance for approval, a ROPS pursuant to which enforceable obligations (as defined in the Dissolution Act) of the Successor Agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Successor Agency without a Recognized Obligation Payment Schedule approved by the State Department of Finance. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedule." If the Successor Agency were to fail to complete an approved ROPS with respect to a six-month period, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period.

If a successor agency fails to submit to the State Department of Finance an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations, the State Department of Finance may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) in the following paragraph, pending approval of a ROPS. Upon notice provided by the State Department of Finance to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any monies in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the successor agency only in accordance with a ROPS when and as approved by the State Department of Finance.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (as described above under "SECURITY FOR THE BONDS-Security for the Bonds") and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under

provisions of the Redevelopment Law, as those provisions read on January 1, 2011; (ii) second, on each January 2 and June 1, to a successor agency for payments listed in its ROPS, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the ROPS; (iii) third, on each January 2 and June 1, to a successor agency for the administrative cost allowance, as defined in the Dissolution Act; and (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in its Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

If the Successor Agency does not submit an Oversight-Board approved ROPS within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations and the State Department of Finance does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. The Successor Agency has covenanted in the Indenture to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds as well as any amount required under the Indenture to replenish the Reserve Account, in ROPS for each six-month period to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period, including listing a reserve on the ROPS to the extent required by the Indenture or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Bonds for the next payment due in the following six-month period.

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event the Successor Agency does not timely submit a ROPS for a six-month period. Specifically, a ROPS must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than by 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. If the Successor Agency does not submit a ROPS by such deadlines, the County will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved ROPS by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the ROPS for subsequent six-month periods.

Challenges to Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former redevelopment

agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora's constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora's takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency's ability to timely pay debt service on the Bonds.

Reduction in Taxable Value

Tax Revenues allocated to the Successor Agency are determined by the amount of incremental taxable value in the Project Area allocable to the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property caused by economic factors beyond the Successor Agency's control, such as a relocation out of the Project Area by one or more major property owners, the reduction of assessed value of property in the Project Area due to successful appeals (see "THE PROJECT AREAS – Appeals"), the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Project Area by a person displaced by eminent domain or similar proceedings, or the discovery of hazardous substances on a property within the Project Area (see "Hazardous Substances," below), the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Earthquake," below), flood or other natural disaster, could cause a reduction in the Tax Revenues securing the Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. Based on preliminary information provided by the County Assessor's office, there are currently 638 appeals pending in the Project Area. An estimate of the amount of assessed valuation in dispute - the difference between the County valuation and the applicant's opinion of the property's value - totals \$783.1 million. The disputed amounts shown will be resolved in the appeals process and some portion of that disputed amount may be adjusted. To provide some indication of the proportion of valuation upheld on appeal, the Fiscal Consultant's Report provides information on resolved appeals filed in previous years in the Project Area. Overall, the 6,045 appeals settled in the Project Area from Fiscal Year 2005-06 through Fiscal Year 2014-15 resulted in reductions in valuation of \$270.1 million out of \$6.1 billion in enrolled valuation, or 4%. The overall retention rate has thus been about 96% of the original valuation. See APPENDIX B "Report of Fiscal Consultant - Assessment Appeals."

Any such reductions of assessed valuations and the resulting decline in Tax Revenues or the resulting property tax refunds could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds. See "THE PROJECT AREAS – Appeals."

The Fiscal Consultant has determined the Volatility Ratio for each of the Project Area Sub-Areas, as shown below. The Volatility Ratio is calculated by dividing the base year assessed valuation by the current year assessed valuation. The higher the Volatility Ratio, the greater the adverse impact on Tax Revenues due to a reduction in assessed valuation with respect to a Sub-Area. See Table 2 herein and Table 1 in APPENDIX B "REPORT OF FISCAL CONSULTANT."

The County's current policy is, for the secured roll, to allocate 100% of the Project Area's tax increment revenues to the Successor Agency with no offset for taxpayer delinquencies, taxable value adjustments, refunds due to successful assessment appeals or tax roll correction (see "Property Taxes; Teeter Plan"). However, the

County could change this policy in the future and begin making deductions for such delinquencies, adjustments, refunds and corrections from tax increment revenues allocated in the Successor Agency. The unsecured tax roll allocation is made on actual collections. In that event, substantial delinquencies in the payment of property taxes, substantial property tax refunds, significant reductions in taxable value or significant tax roll corrections due to such causes could impair the timely receipt by the Successor Agency of Tax Revenues.

Risks of Real Estate Secured Investments Generally

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

Reduction in Inflationary Rate and Changes in Legislation

As described in greater detail below (see "LIMITATIONS ON TAX REVENUES"), Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2% and there have been several years in which taxable values were adjusted by an actual inflationary rate that was less than 2%. The adjusted inflationary rate for Fiscal Year 2015-16 is 1.998%. The Successor Agency is unable to predict whether future annual inflationary adjustments to the taxable value base of real property within the Project Area will be in the amount of the full 2% permitted under Article XIII A or will be in an amount less than 2%.

Change in Law

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

Bankruptcy of Landowners

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

Concentration of Property Ownership

The Project Areas are comprised of multiple Sub-Areas, each of which have their own plan limitations and base years. See "THE PROJECT AREAS – Redevelopment Limitations" and Table 2 herein. Additionally, some of the Sub-Areas may have concentration of property ownership that may be greater than the average for the entire Project Area. Accordingly, a decline in the property values in a Sub-Area, particularly property representing a high concentration of value in such Sub-Area, could reduce Housing Tax Revenues derived from such Sub-Area more quickly than would be the case if the Project Area did not have separate Sub-Areas and had

only one base year. Concentration of ownership presents a risk in that, if one or more of the largest property owners in a Sub-Area were to default on their taxes (and if the County were to change its current practice of distributing Housing Tax Revenues to the Successor Agency regardless of delinquencies) or were to successfully appeal the tax assessments on property within a Sub-Area, a substantial decline in Housing Tax Revenues could occur. See "PROJECTED COVERAGE ON THE BONDS" for a description of the debt service coverage on the Bonds.

Earthquake

As with most of Southern California, the most significant safety hazard in Riverside County is due to seismic hazards. Two major faults, the San Andreas and the San Jacinto, pass through the mid-county region to the east of the Project Areas. However, according to the draft Safety Element of the Riverside County General Plan, the Project Areas do not contain any mapped faults nor any earthquake fault study zones. In addition, most of the Project Areas have a low level of liquefaction susceptibility, with the exception of the areas closest to the Santa Ana River. Lastly, most of the assessed valuation growth in the Project Areas is due to new construction built in accordance with the Uniform Building Code which contains standards designed to minimize structural damage caused by seismic events.

From time to time, the County is subject to other natural calamities which could adversely affect economic activity in the County, and which could have a negative impact on the general economy and the values of properties in the Project Areas. There can be no assurance that the occurrence of any natural calamity, such as earthquake, flooding or wildfire, would not cause substantial reduction in the assessed valuations of properties in the Project Areas. Such a reduction of assessed valuations could result in a reduction of the Housing Tax Revenues that secure the Bonds.

Levy and Collection of Taxes

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

Estimated Revenues

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

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Areas. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or

operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Areas be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Direct and Overlapping Indebtedness

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

Future Legislation and Initiatives

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

Assessment Appeals

Property taxable values may be reduced as a result of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the respective project area and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Tax Revenues and, potentially, Housing Tax Revenues under the Indenture. The Successor Agency has in the past experienced reductions in its tax increment revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. For a discussion of historical assessment appeals in the Project Area and summary information regarding pending and resolved assessment appeals for the Successor Agency, see Appendix B "REPORT OF FISCAL CONSULTANT."

Economic Risks

The Agency's ability to make payments on the respective Bonds will be partially dependent upon the economic strength of the Project Areas. If there is a decline in the general economy of the Project Areas, the owners of property may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of tax increment revenues. In the event of decreased values, Housing Tax Revenues may decline even if property owners make timely payment of taxes.

Acceleration on Default

Under the Indenture, the principal due on the Bonds is subject to acceleration upon the occurrence of an Event of Default. If an Event of Default occurs under the Indenture, as a practical matter, Bond Owners will be limited to enforcing the obligation of the Agency to repay the Bonds on an annual basis to the extent of the Housing Tax Revenues. No real or personal property in the Project Area is pledged to secure the Bonds, and it is not anticipated that the Agency will have available moneys sufficient to redeem all of the Bonds upon the occurrence of an Event of Default.

Investment Risk

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

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

Secondary Market

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

[Bond Insurance Risk Factors

The Successor Agency has made application for a bond insurance policy (the "Policy") to guarantee the scheduled payment of principal and interest on the Bonds. The following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any Owner of the Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the Successor Agency which is recovered by the Successor Agency from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by _____ (the "Bond Insurer") at such time and in such amounts as would have been due absent such prepayment by the Successor Agency unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond

Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "OTHER INFORMATION - Ratings" herein.

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Successor Agency nor the Underwriter has made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Successor Agency to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.]

Bankruptcy

The rights of the Owners of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinions of Bond Counsel as to the enforceability of the obligation to make payments on the Bonds will be qualified as to bankruptcy and such other legal events. See APPENDIX F "Form of Opinion of Bond Counsel."

Loss of Tax Exemption

As discussed under the caption "OTHER INFORMATION – Tax Matters," the interest on the Bonds could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds as the result of a failure of the Successor Agency to comply with certain provisions of the Internal Revenue Code of 1986, as amended. Should such an event of taxability occur, such Bonds are not subject to early redemption and will remain outstanding to maturity or until redeemed under the redemption provisions of the Indenture.

LIMITATIONS ON TAX REVENUES

Property Tax Limitations - Article XIII A

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

In the general elections of 1986, 1988, and 1990, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. This amendment will reduce the tax increment of the Successor Agency. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and on or after November 5, 1986, to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within that county and the original property is located in another county within California.

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

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

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

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds.

Effective September 30, 1980, the California Legislature added Section 33678 to the Law which provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by the agency of proceeds of taxes levied by

or on behalf of the agency within the meaning of Article XIII B or any statutory provision enacted in implementation thereof, including Section 33678 of the Law. The constitutionality of Section 33678 has been upheld by the Second and Fourth District Courts of Appeal in two decisions: *Bell Community Redevelopment Agency v. Woosely and Brown v. Community Redevelopment Agency of the City of Santa Ana*. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

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

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

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

Implementing Legislation

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

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

Redevelopment Plan Limits

There is a question on the applicability of tax increment limits as to time and amounts established under redevelopment plans after the adoption of AB 26 and AB 1484. The matter remains subject to further guidance from legislation and interpretation by the courts. If the cumulative tax increment limit is deemed to no longer be applicable, no interruption of tax increment revenue will occur. For purposes of the projections in this Official Statement and in the Fiscal Consultant's Report appearing in Appendix B, it is assumed that tax increment limits will be enforced.

Unitary Property

Assembly Bill 2890 (Statutes of 1986, Chapter 1457), which added Section 98.9 to the California Revenue and Taxation Code, provided that, commencing with the Fiscal Year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) was to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be

allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

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

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

The Successor Agency has projected the amount of unitary revenues to be allocated for 2013-14 within the Project Area. The Successor Agency cannot predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received nor the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies.

Property Taxes; Teeter Plan

The County utilizes a mechanism for the distribution of tax increment revenue to the former redevelopment agencies that has a similar effect on the Agency's tax increment revenues as the device known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's Redevelopment Property Tax Trust Fund on January 2 and the other one-half on June 1; delinquencies are not deducted from the Redevelopment Property Tax Trust Fund revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to Redevelopment Property Tax Trust Fund revenue. Consequently, the Agency is currently not affected by delinquent tax payments. However, the County Auditor-Controller's office has indicated that the County may cease to use this mechanism at some future date. There is no indication of when or whether this change may occur or what tax increment distribution mechanism would replace it.

Tax Increment Limitation; Senate Bill 211

Assembly Bill 1290 ("AB 1290") was signed into law by the Governor in December 1993 and amends various provisions of the Law. AB 1290 provides for the placement of time limits on the effectiveness of every redevelopment plan, and provides that after 10 years from the termination date of a plan's effectiveness, no redevelopment agency, subject to certain exceptions, will pay indebtedness or receive property taxes in connection therewith. In addition, in connection with the shift of tax increment revenues, (i) SB 1045 allowed the Former Agency to extend the effective date of the related redevelopment plan, and the date to receive Tax Revenues in the Project Area, by one year, and (ii) SB 1096 allowed the Former Agency to extend the effective

date of the related redevelopment plan, and the date to receive Tax Revenues, by two years subject to compliance with major housing requirements. The Former Agency has taken such action with respect to SB 1045, and the projections of Tax Revenues reflect such extensions. Pursuant to the related redevelopment plan, the expiration date of the related redevelopment plan is as described in "THE PROJECT AREAS," herein.

On October 10, 2001 the Governor of the State signed into law Senate Bill 211 ("SB 211"), which allows redevelopment agencies to eliminate or extend the time limits on their ability to incur debt for project areas established prior to January 1, 1994. Additionally, SB 211 allows redevelopment agencies to extend the termination date of their redevelopment plans and the deadline for the receipt of tax increment for the repayment of debt by 10 years for project areas established prior to January 1, 1994. In order to extend the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain findings of blight in the applicable project areas. Additionally, if a redevelopment agency elects to extend the time limits on the incurrence of debt, the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain additional statutory pass-throughs to other taxing entities. The projections of tax increment do not take into account any extension of the related redevelopment plan limitations with respect to the Project Areas pursuant to SB 211.

Tax Collection Fees

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

Future Initiatives

Article XIII A, Article XIII B and Proposition 218 were each adopted as measures that qualified for the ballot under California's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

CONTINUING DISCLOSURE

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

During the last five years, the County and certain of its related entities have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness. The failure to comply fell into two general categories: (i) failure to provide significant event notices with respect to changes in the ratings of outstanding indebtedness, primarily related to changes in the ratings of various bond insurers insuring the indebtedness of the County or its related entities; and (ii) missing, incomplete, or late filing of annual reports with respect to a number of the bond issues. In almost every case with respect to obligations related to the General Fund, such information and reports were available on the County's website and/or available in other continuing disclosure filings made by the County.

Some specific examples of such failures include:

(a) The annual report and financial statements for Fiscal Year 2008-09, the first County filings which were required to be submitted to EMMA after the effective date of revisions to the Rule, were submitted to MSRB with significant delays with respect to each County issuance outstanding during the first quarter of the 2009-10 Fiscal Year, as the County had not yet updated its compliance procedures and filed its annual report and financial statement for such year in accordance with the previously-effective Rule requirements. Subsequently, the County has submitted to EMMA the annual reports and financial statements for Fiscal Year 2008-09.

(b) With respect to the Housing Authority of the County of Riverside Refunding Revenue Bonds 1998 Series A (Corona Projects), no filings were submitted to the MSRB, and with respect to certain redevelopment issuances involving the Riverside County Public Financing Authority, no filings were made to the MRSB in Fiscal Years 2010-11, 2011-12 and 2012-13. Recently, the Housing Authority of the County of Riverside submitted to EMMA for Fiscal Years 2008-09 through 2012-13 the financial statements of the Redevelopment Agency of the City of Corona.

(c) The Successor Agency did not timely file its annual report and Audited Financial Statements for Fiscal Year 2013-14 due December 31, 2014, with respect to its 2014 Tax Allocation Refunding Bonds. The annual report together with the Audited Financial Statements have subsequently been filed.

The County and its related entities have made additional filings to provide certain of the previously omitted information. The County and its related entities have internally reviewed their previous filings and have completed corrective filings on all issues. With respect to notices or rating changes, the County and its related entities prepared an omnibus corrective notice regarding bond insurer ratings and ratings of the County's general fund debt.

In order to ensure ongoing compliance by the County and its related entities with their continuing disclosure undertakings, (i) the County has instituted new procedures to ensure future compliance and coordination between the County and its related entities; and (ii) the County has contracted with a consultant to assist the County in filing accurate, complete and timely disclosure reports on behalf of the County.

The County was advised by Bank of America Merrill Lynch ("BAML") and Stifel, Nicolaus & Company, Incorporated ("Stifel") that the County was reported by each firm under the Municipalities Continuing Disclosure Cooperation ("MCDC") initiative of the SEC. The reporting relates to the County of Riverside Asset Leasing Corporation Lease Revenue Bonds, 2012 Series A and 2012 Taxable Series B (County of Riverside Capital Projects) with respect to BAML, and relates to Stifel for the County's Tax and Revenue Anticipation Notes for 2010-2011, 2011-12 and 2012-13, the County of Riverside Asset Leasing Corporation Lease Revenue Bonds (2012 County Administrative Center Refunding Project), and the County of Riverside Asset Leasing Corporation Lease Revenue Bonds, Series 2013A (Public Defender/Probation Building and Riverside County Technology Solutions Center Project), all relating to statements in the official statements for those transactions that the County was in compliance with all continuing disclosure requirements. MCDC was a program which allowed issuers and underwriters to voluntarily report non-compliance with disclosure obligations. The deadline for underwriting firms to report was September 10, 2014. The deadline for issuers to report was December 1, 2014 and the County self-reported under the MCDC program.

OTHER INFORMATION

Litigation

At the time of delivery of and payment for the Bonds the Successor Agency will certify that, except as disclosed herein, to its best knowledge there is no litigation, action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental agency or body, pending against or threatened against the Successor Agency in any way affecting the existence of the Successor Agency or the titles of its officers to their offices or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection or application of Housing Tax Revenues to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, or any action of the Successor Agency contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Successor Agency or its authority with respect to the Indenture or any action of the Successor Agency contemplated by the Indenture, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Successor Agency or its authority with respect to the Indenture or any action of the Successor Agency contemplated by the Indenture, or which would adversely affect the exclusion of interest paid on the Bonds from gross income for Federal income tax purposes or the exemption of interest paid on the Bonds from California personal income taxation, nor, to the knowledge of the Successor Agency, is there any basis therefor.

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that for the purposes of computing the alternative minimum tax imposed on certain corporations such interest is required to be taken into account in determining certain income and earnings. The opinions described herein are subject to the condition that the Successor Agency complies with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded. Owners of Bonds with original issue discount or original issue premium, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax and State of California personal income tax consequences of owning such Bonds.

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

Verification of Mathematical Computations

The Verification Agent will examine the arithmetical accuracy of certain computations included in the schedules provided by the Successor Agency relating to the refunding of the 2004 Bonds. See "PLAN OF FINANCE" above. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

Legal Opinion

Jones Hall, A Professional Law Corporation, San Francisco, California, will render an opinion with respect to the validity of the Bonds in substantially the form set forth in Appendix F hereto. Copies of such approving opinion will be available at the time of delivery of the Bonds.

In addition, Best Best & Krieger LLP, as Disclosure Counsel, will deliver to the Agency and to the Underwriter a letter in customary form concerning the information set forth in this Official Statement.

Ratings

The Bonds are expected to receive the rating of "___" (stable outlook) by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P"), with the understanding that upon execution and delivery of the Bonds, the municipal bond insurance policy insuring the payment when due of the principal and interest on the Bonds will be issued by _____. In addition, S&P has assigned its underlying rating of "___" on the Bonds.

The rating issued reflects only the view of such rating agency, and any explanation of the significance of such rating should be obtained from such rating agency. There is no assurance that such rating will be retained for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Bonds.

Underwriting

Citigroup Global Markets Inc., on behalf of itself and Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriters") have agreed to purchase the Bonds at a price of \$_____ (being the principal amount of the Bonds, plus a net original issue premium of \$_____, less an underwriters' discount of \$_____) under a Bond Purchase Agreement between the Agency and the Underwriters.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Bonds.

The Underwriters may offer and sell the Bonds to certain dealers and others at a price lower than the offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriters.

Miscellaneous

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

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

SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY FOR THE COUNTY OF RIVERSIDE

By: _____
Jay Orr,
County Executive Officer

APPENDIX A

GENERAL INFORMATION ABOUT EACH PROJECT AREA

Redevelopment Project Area No. 1

The Riverside County Board of Supervisors (the "Board") approved Redevelopment Project Area No. 1 on December 23, 1986, pursuant to Ordinance No. 635. Redevelopment Project Area No. 1 is located in the southwestern region of the County and consists of four sub-areas, totaling approximately 4,651 acres. The original Project Area contains sub-areas in the communities of Home Gardens and Murrieta. The Board approved Amendment No. 1 to the Project Area on July 20, 1999, pursuant to Ordinance No. 793, which included a new sub-area in the communities of Lakeland Village and Wildomar. A second amendment to the Project Area was approved on December 14, 1999, pursuant to Ordinance No. 800. This amendment allowed for the creation of another new sub-area in the El Cerrito/Temescal Canyon area.

Home Gardens. The first sub-area encompasses approximately 150 acres and is located in the unincorporated area of Home Gardens, situated between the cities of Riverside and Corona. The area is comprised of commercial and industrial land uses and has easy access to both State Route 91 and Interstate 15. A small portion of the sub-area was annexed into the city of Corona and includes a small industrial park.

Murrieta. The second sub-area consists of approximately 200 acres within the city of Murrieta and is located between the cities of Lake Elsinore and Temecula. The sub-area was formed in 1986 and was subsequently included as part of the incorporation of the City of Murrieta in July, 1991. The Murrieta Sub-Area is located within the historic core of the city and remains mostly rural in nature with large residential lots, limited commercial, office and industrial development and several public facilities. The junction of Interstates 15 and 215 is approximately 1.5 miles southeast of the sub-area, making it a convenient location for businesses. The Agency has worked cooperatively with the City of Murrieta to implement a revitalization program to improve the historic district.

Lakeland Village/Wildomar. The third sub-area is located adjacent to the city of Lake Elsinore. It is approximately 2,859 acres in size and consists of four non-contiguous areas in the communities of Lakeland Village, Wildomar, Sedco Hills and Cleveland Ridge. The Lakeland Village/Wildomar Sub-Area borders the southern portion of Lake Elsinore. Over half of the sub-area is single-family residential, with limited commercial development and several public facilities. Because the sub-area is adjacent to Lake Elsinore and the Cleveland National Forest, it has significant recreational potential.

El Cerrito/Temescal Canyon. This fourth sub-area includes approximately 1,442 acres of land on both sides of the 15 Freeway near the City of Corona. The El Cerrito Sub-Area is located north of Cajalco Road and the Temescal Canyon Sub-Area is located south of Weirick Road. Residential uses make up the largest percentage of existing development in the area, particularly in the El Cerrito sub-area, while commercial and industrial development is prominent in the Temescal Canyon Sub-Area.

Assessed Valuation

Assessed values within Project Area No. 1 have remained stable from Fiscal Years 2012-13 through 2015-16. Due to the impact of general economic stress in California, taxable values in the Project Area declined by -7.42% percent in 2010-11. The Project Area also experienced modest increases in incremental value of 0.49% for 2011-12 and a decline in incremental value of -2.55% for 2012-13. Values increased for 2013-14 by 2.35%, by 6.10% in 2014-15 and 4.59% in 2015-16. The base year value is 32% of the total taxable value in the Project Area for 2015-16. Table A-1 sets forth Project Area assessed valuation for the current fiscal year and past four fiscal years.

TABLE A-1
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Redevelopment Project Area No. 1
Historical Assessed Values
(Fiscal Years 2011-12 through 2014-15)

<u>Roll</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Secured					
- Land	\$ 399,511,730	\$ 383,970,768	\$ 400,252,581	\$ 426,073,365	\$ 451,088,474
- Improvements	796,970,755	780,860,785	809,335,272	865,464,674	906,176,685
- Personal Property	1,639,441	1,989,042	1,919,583	1,811,912	1,789,329
- Exemptions	(45,207,418)	(47,074,502)	(47,493,671)	(48,288,987)	(48,192,603)
Secured Total	\$1,152,914,508	\$1,119,746,093	\$1,164,013,765	\$1,245,060,964	\$1,310,861,885
Unsecured					
- Land	\$ 119,523	\$ 346,498	\$ 44,579	\$ 14,272	\$ 13,847
- Improvements	71,234,970	75,976,579	69,039,300	67,070,987	66,184,297
- Personal Property	50,122,183	46,639,724	38,467,858	37,028,602	34,115,803
- Exemptions	(36,000)	(400,135)	(39,213)	(42,980)	(24,780)
Unsecured Total	\$ 121,440,676	\$ 122,562,666	\$ 107,512,524	\$ 104,070,881	\$ 100,289,167
Utility					
- Land	\$ 1,351,476	\$ 890,976	\$ 890,976	\$ 890,976	\$ 890,976
- Improvements	0	0	0	0	0
- Personal Property	0	0	0	0	0
- Exemptions	0	0	0	0	0
Utility Total	\$ 1,351,476	\$ 890,976	\$ 890,976	\$ 890,976	\$ 890,976
Totals:	\$1,275,706,660	\$1,243,199,735	\$1,272,417,265	\$1,350,022,821	\$1,412,042,028
Percent Change	0.49%	-2.55%	2.35%	6.10%	4.59%
Plus: HOPTR AV	\$ 16,147,760	\$ 16,002,103	\$ 15,152,540	\$ 14,825,592	\$ 14,652,232
Less: Base AV	446,601,282	446,601,282	446,601,282	446,601,282	446,601,282
Incremental AV:	\$ 845,253,138	\$ 812,600,556	\$ 840,968,523	\$ 918,247,131	\$ 980,092,978
Incremental Revenue (1%)	\$ 8,452,531	\$ 8,126,006	\$ 8,409,685	\$ 9,182,471	\$ 9,800,930

Source: County Assessor, Urban Analytics.

Largest Taxpayers in the Project Area

The Fiscal Consultant's Report shows the ten largest taxpayers in the Project Area. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers. Castle & Cooke is the largest property owner representing 12.34% of the assessed value of the Project Area, and the top ten assesseees represent 23.35% of the Project Area's assessed value. See APPENDIX B "REPORT OF FISCAL CONSULTANT – Ten Largest Assesseees."