

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM
4.1
(ID # 3810)**

MEETING DATE:

Tuesday, March 21, 2017

FROM : SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY:

SUBJECT: SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY: Refunding of Outstanding Bonds of the Dissolved Redevelopment Agency, All Districts [\$250,000], Bond Proceeds (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Successor Agency Resolution No. 2017-010 confirming the issuance of refunding tax allocation housing bonds to refinance the remaining portion of the 2010 Series A Housing Bonds, approving the Preliminary and Final Official Statements and approving for other matters properly related thereto, and
2. Direct staff to take the necessary actions to complete the issuance of the Refunding Bonds.

ACTION: (Policy)

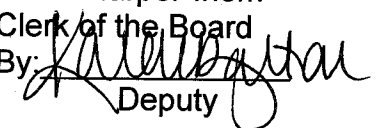

Alex Gann 3/14/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Washington, seconded by Supervisor Tavaglione and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione and Washington
Nays: None
Absent: Ashley
Date: March 21, 2017
xc: E.O.

Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 250,000	\$0	\$ 250,000	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: Bond Proceeds (100%)			Budget Adjustment:	No
			For Fiscal Year:	2016-2017

C.E.O. RECOMMENDATION:

BACKGROUND:

Summary

On January 31, 2017 the Board of Supervisors, sitting as the Successor Agency Board, approved via Agenda Item 4-2, Successor Agency Resolution No. 2017-006, the refunding of certain outstanding bonds of the Agency. Prior to that approval, on January 19, 2017, the Oversight Board to the Successor Agency to the Redevelopment Agency for the County of Riverside approved the issuance of the refunding bonds, and submitted the documents for approval to the State Department of Finance (DOF).

The Preliminary Official Statement, which is included as Attachment A, represents the County's required disclosure to bond investors. This Preliminary Official Statement includes the most current information about the 2016-17 property tax roll, which became available in early July 2016. DOF submittal was made on January 20, 2017 in order to accommodate a 60-day approval process, and take advantage of market conditions in a timely manner.

The finance team is expecting approval from the DOF later this month, and is anticipating the bond sale to occur in mid - April and closing in early May 2017. The anticipated amount of the proposed bond issues, savings percentage, and savings amounts as of March 8, 2017 are shown in the table below.

As noted in the prior submission: the term of the existing bonds will not be extended and the refunding bonds produce savings well in excess of the Board's present value savings target of 3% (Board Policy B-24 for the Riverside County Debt Advisory Committee).

The anticipated approximate amounts of the proposed bond issues, savings percentages, and savings amounts are shown in the table below.

2015 Refunding Housing Bonds Refinancing Summary

Issue	2017 Housing Bonds
Size	\$16,935,000
PV Savings	\$1,154,781

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STATE OF CALIFORNIA**

PV Savings As %	6.82%
Avg. Savings	\$80,498
Total Savings	\$1,851,460

As of March 8, 2017.

These refunding bonds will be issued within sixty days, based upon the current schedule.


Impact on Residents and Businesses

This item will be beneficial for the citizens of Riverside County due to the surplus tax revenue that will be derived from the refinancing at lower rates. Taxing entities will share the surplus property taxes from the project areas which will be distributed to the County, cities, schools, and special districts in Riverside County.

The savings in debt service payments that would otherwise be paid to bondholders will be distributed to those taxing entities including the County General Fund (approximately 21% direct and 6.4% indirect via the Fire Department and the County library (2.3%) and K-12 school districts and community college districts (approximately 60% combined) and finally cities and special districts.

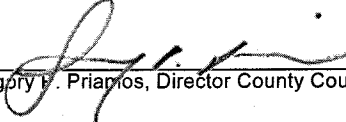
ATTACHMENTS:

Successor Agency Resolution No. 2017-010
ATTACHMENT A. Preliminary Official Statement



Ineida Delos Santos

3/13/2017



Gregory F. Priamos, Director County Counsel

3/13/2017

RESOLUTION NO. 2017-010

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE CONFIRMING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE DISSOLVED REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, APPROVING PRELIMINARY AND FINAL OFFICIAL STATEMENTS AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

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

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued its Redevelopment Agency for the County of Riverside 2010 Tax Allocation Housing Bonds, Series A (the "Prior Bonds") in the initial aggregate principal amount of \$15,885,000 for the purpose of financing low- and moderate-income housing within the County of Riverside;

FORM APPROVED COUNTY COUNSEL
BY SALES A. GARDNER 3/21/17 DATE

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

7
8 **WHEREAS**, the Successor Agency, pursuant to Resolution No.
9 2017-006 (the "Successor Resolution"), adopted on January 31,
10 2017, approved the issuance of Successor Agency to the
11 Redevelopment Agency For the County of Riverside 2017 Tax
12 Allocation Housing Refunding Bonds, Series A in the aggregate
13 principal amount of not to exceed \$25,000,000 (the "Refunding
14 Bonds"), in order to refund, in whole or in part, the Prior
15 Bonds, subject to the Savings Parameters being met;

16
17 **WHEREAS**, the Oversight Board for the Successor Agency, by
18 Resolution OB No. 2017-001 (the "OB Resolution"), adopted
19 January 19, 2017, approved the issuance of the Refunding Bonds,
20 and the OB Resolution, together with additional materials, has
21 been submitted to the California Department of Finance for its
22 approval of the OB Resolution and the issuance of the Refunding
23 Bonds;

1 **WHEREAS**, the Successor Agency, with the assistance of its
2 disclosure counsel, Best Best & Krieger LLP, has prepared a
3 draft of an Official Statement for the Refunding Bonds (the
4 "Official Statement"), which contains information regarding the
5 Refunding Bonds, the Former Agency, the Successor Agency, and
6 the Former Agency's redevelopment project areas, the preliminary
7 form of which is on file with the Secretary of the Successor
8 Agency;

9
10 **WHEREAS**, the Successor Agency, with the aid of its staff,
11 has reviewed the Official Statement and wishes at this time to
12 approve their use and distribution as in the public interests of
13 the Successor Agency and applicable taxing entities;

14
15 **NOW, THEREFORE**, the Successor Agency to the Redevelopment
16 Agency for the County of Riverside **RESOLVES** as follows:

17
18 1. Confirmation of Approval of Issuance of the Refunding
19 Bonds. The Successor Agency hereby confirms its actions in the
20 Bond Resolution authorizing and approving the issuance and sale
21 of the Refunding Bonds.

22
23 2. Approval of Official Statement. The Successor Agency
24 hereby approves the preliminary Official Statement in
25 substantially the form on file with the Secretary of the

1 Successor Agency. Distribution of the preliminary Official
2 Statement by the Successor Agency and its underwriters (the
3 "Underwriters") is hereby approved, and, prior to the
4 distribution of the preliminary Official Statement, the County
5 Executive Officer or the Deputy County Executive Officer, on
6 behalf of the Successor Agency (each, an "Authorized Officer"),
7 each acting alone, are authorized and directed, on behalf of the
8 Successor Agency, to deem the preliminary Official Statement
9 "final" pursuant to Rule 15c2-12 under the Securities Exchange
10 Act of 1934 (the "Rule"). The execution of the final Official
11 Statement, which shall include such changes and additions
12 thereto deemed advisable by the Authorized Officers, and such
13 information permitted to be excluded from the preliminary
14 Official Statement pursuant to the Rule, is hereby approved for
15 delivery to the Underwriters, and the Authorized Officers, each
16 acting alone, are authorized and directed to execute and deliver
17 the final Official Statement for and on behalf of the Successor
18 Agency, and to deliver to the Underwriters a certificate with
19 respect to the information set forth therein and to deliver to
20 the Underwriters the Continuing Disclosure Certificate
21 substantially in the form appended to the final Official
22 Statement.

23
24
25

1 3. Underwriters. The selection of Citigroup Global
2 Markets Inc. and Raymond James & Associates, Inc. as
3 underwriters for the Refunding Bonds is hereby approved.
4

5 4. Official Actions. The Authorized Officers and any and
6 all other officers of the Successor Agency are hereby authorized
7 and directed, for and in the name and on behalf of the Successor
8 Agency, to do any and all things and take any and all actions,
9 which they, or any of them, may deem necessary or advisable in
10 connection with the issuance, sale and delivery of the Refunding
11 Bonds, including the execution and delivery of all of the
12 documents related thereto and necessary therefor. Whenever in
13 this Resolution any officer of the Successor Agency is directed
14 to execute or countersign any document or take any action, such
15 execution, countersigning or action may be taken on behalf of
16 such officer by any person designated by such officer to act on
17 his or her behalf in the case such officer is absent or
18 unavailable.
19

20 5. Effective Date. This Resolution shall take effect from
21 and after the date of approval and adoption thereof.
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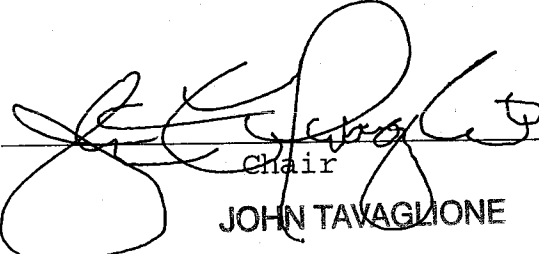
1 The foregoing resolution was passed and adopted by the Successor
2 Agency to the Redevelopment Agency for the County of Riverside
3 at a regular meeting held on the 21st day of March, 2017, by the
4 following vote:

5
6 AYES: Jeffries, Tavaglione and Washington

7
8 NOES: None

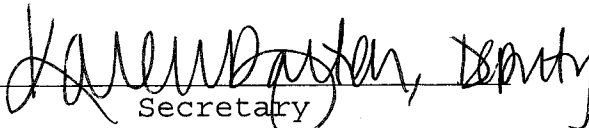
9
10 ABSENT: Ashley

11
12 ABSTAIN: None

13
14 
Chair
15 JOHN TAVAGLIONE

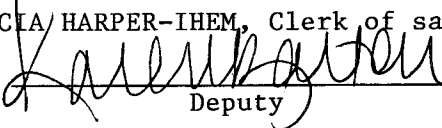
16 (S E A L)

17 Attest: KECIA HARPER-IHEM

18 By: 
Secretary

19
20
21 The foregoing is certified to be a true copy of a resolution duly
22 adopted by said Board of Supervisors on the date therein set forth.

23 KECIA HARPER-IHEM, Clerk of said Board

24 By: 
Deputy

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2017

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATINGS: S&P: INSURED RATING “__”
UNDERLYING RATING “__”**

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 2017 Series A Bonds is excluded from gross income for federal income tax purposes and such interest 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 2017 Series A Bonds is exempt from California personal income taxes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the 2017 Series A Bonds, or the amount, accrual or receipt of interest on the 2017 Series A Bonds. See “OTHER INFORMATION – Tax Matters” herein.

\$ _____*

**Successor Agency to the
Redevelopment Agency for the County of Riverside
2017 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”) 2017 Tax Allocation Housing Refunding Bonds, Series A (the “2017 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 supplemented and amended, including as supplemented and amended by that Seventh Supplement to Indenture of Trust dated as of _____, 2017 (as so supplemented, 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 October 1, 2017. 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 scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by _____].

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 except the Agency 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 _____, 2017.

Citigroup

Raymond James

Dated: _____, 2017

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy 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.

\$ _____*

**Successor Agency to the
Redevelopment Agency for the County of Riverside
2017 Tax Allocation Housing Refunding Bonds, Series A**

MATURITY SCHEDULE

(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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* 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© 2017 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as 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 Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

The County maintains a website. However, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

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**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
[Vacant], 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

Causey Demgen & Moore PC
Denver, Colorado

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**Successor Agency to the
Redevelopment Agency for the County of Riverside
2017 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.

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 2017 Tax Allocation Housing Refunding Bonds, Series A in the aggregate principal amount of \$ _____* (the “2017 Series A Bonds” or “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 fund the Reserve Requirement for the reserve account 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 (“AB 1484”) and as further amended on September 22, 2015 by Senate Bill 107 (“SB 107” and together 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 the 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 Seventh Supplement to Indenture of Trust (the “Seventh Supplement”) dated as of _____, 2017 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 2004 Indenture as heretofore supplemented and amended from time to time and by the Seventh Supplement is referred to herein as the “Indenture”).

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 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

* Preliminary, subject to change.

2004 A-T Bonds, 2010 A-T Bonds, 2011 A & A-T Bonds, 2014 Bonds, 2015 Bonds and 2017 Bonds, as defined herein. See “SECURITY FOR THE BONDS.”

The issuance of the 2017 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 2017 Series A Bonds by the Successor Agency by resolution adopted on January 19, 2017 (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 _____, 2017. 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 “INFORMATION REGARDING 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 (collectively, the “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 October 1, 2017.

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 Areas 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 will be payable, as to interest thereon and principal thereof, exclusively from the Housing Tax Revenues and certain other amounts pledged under the Indenture, and the Successor 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 2017 Series A Bonds will be applied to the refunding of all of the Former Agency's outstanding 2010A Bonds (hereinafter defined, see "PLAN OF FINANCE"). The 2010A 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. The Indenture defines "Housing Tax Revenues" to mean 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 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. 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 2017 Series A Bonds the same Housing Tax Revenues pledged to the payment of the 2010A 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 2017 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 Taxable Tax Allocation Housing Bonds, Series A-T (the "2004 A-T Bonds"), currently outstanding in the aggregate principal amount of \$25,280,000. The Former Agency issued its \$15,885,000 original principal amount of 2010 Tax Allocation Housing 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 Taxable Tax Allocation Housing 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 \$47,340,000. The Former Agency has issued its \$14,093,000 original principal amount of 2011 Tax Allocation Housing Bonds, Series A (the "2011A Bonds") currently outstanding in the aggregate principal amount of \$14,093,027.60. The Former Agency issued its \$14,095,000 original principal amount of 2011 Taxable Tax Allocation Housing 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 \$9,300,000.

The Successor Agency issued its \$36,465,000 original principal amount of 2014 Tax Allocation Housing Refunding Bonds, Series A (the “2014 Bonds”), currently outstanding in the amount of \$36,465,000 and the Successor Agency issued its \$13,545,000 original principal amount of 2015 Tax Allocation Refunding Bonds, Series A (the “2015 Bonds”) which currently are outstanding in the amount of \$13,025,000 (the “2015 Bonds”). All of the 2004 A-T Bonds, the 2010 Bonds, the 2011 Bonds, the 2014 Bonds, and the 2015 Bonds are payable from Housing Tax Revenues on a parity with the 2017 Series A Bonds.

Reserve Account. In order to further secure the payment of the principal of and interest on the 2017 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”). Amounts on deposit in the Reserve Account, at the option of the Successor Agency, may be funded on a combined basis with other Parity Bonds of the Successor Agency.

Municipal Bond Insurance

[TO COME]

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.

For information concerning respects in which certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the Bonds, see “OTHER INFORMATION – Financial Interests.”

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 terms used and not defined herein shall have the meaning given to those terms in APPENDIX D “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” attached hereto.

PLAN OF FINANCE

The Bonds are being issued (i) to refinance the 2010A Bonds as more fully described below, (ii) to fund the Reserve Requirement for the reserve account, 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 \$15,885,000 original principal amount of 2010 Housing Tax Allocation Bonds, Series A (the “2010A Bonds”). The 2010A Bonds were issued pursuant to an Indenture of Trust, dated as of December 1, 2004 as supplemented by the Second Supplement to Indenture of Trust, dated as of May 1, 2010, 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 “2010A 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 2010A Bonds, under certain Irrevocable Refunding Instructions dated as of _____, 2017 (the “Refunding Instructions”) delivered by the Successor Agency to the Trustee. Currently, \$15,885,000 of the 2010A Bonds will be outstanding and are anticipated to be redeemed on _____, 2017. The amount deposited in the redemption fund for the 2010A Bonds, together with other available moneys, will be held uninvested, or invested in certain federal securities and irrevocably pledged for the payment of the 2010A Bonds on their date of redemption.

The sufficiency of the deposits in the redemption fund for the 2010A Bonds for those purposes will be verified by Causey Demgen & Moore PC (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 2010A Bonds, the Successor Agency’s obligations under the 2010A Indenture related to the 2010A Bonds will be discharged.

The amounts held and invested by the Trustee for the respective 2010A Bonds in the redemption fund are pledged solely to the payment of amounts due and payable by the Agency under the 2010A Indenture. Neither the funds deposited in the redemption funds for the 2010A 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.

<u>Sources:</u>	
Par Amount of Bonds	\$ _____
Net Original Issue Premium	_____
TOTAL SOURCES:	\$ _____
<u>Uses:</u>	
Costs of Issuance ⁽¹⁾	\$ _____
Reserve Account	_____
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 and other issuance costs of the Bonds.

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>	Debt Service <u>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 October 1, 2017 (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.

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. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The 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. Additionally, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs, capital projects, or programs related to the State Water Project, that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund. See "LIMITATIONS ON TAX REVENUES – Proposition 87" for further information regarding voter approved debt service overrides.

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. In addition to the pledge of Housing Tax Revenues, pursuant to the Indenture, the Bonds are equally secured by the pledge and lien with respect to the 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, 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. The Indenture further provides that, for the avoidance of doubt, the Bonds are secured by the pledge and lien created with respect to the 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 described 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.

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. 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 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 Areas on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll within the Project Areas, 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.

Submission of ROPS Schedule. Pursuant to SB 107, commencing on February 1, 2016, successor agencies were transitioned to an annual Recognized Obligation Payment Schedule process pursuant to which successor agencies will be required to file Recognized Obligation Payment Schedules with the DOF and the County Auditor-Controller for approval each February 1 for the July 1 through June 30 period immediately following such February 1 commencing with the July 1, 2016 through June 30, 2017 period.

Commencing September 22, 2015, successor agencies which received a Finding of Completion and the concurrence of the DOF as to the items that qualify for payment, among other conditions, may at their option, file a "Last and Final" Recognized Obligation Payment Schedule. If approved by the DOF, 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 DOF 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. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the DOF and the County Auditor-Controller. The Successor Agency has not submitted a Last and Final Recognized Obligation Payment Schedule, and does not currently have plans to submit a Last and Final Recognized Obligation Payment Schedule.

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.

Successor Agency Covenants to Comply with ROPS. 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 (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 Areas 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 Areas. 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.

Agency Indenture

Under the Indenture, 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 Housing Tax Revenues in the Special Fund and all moneys in the 2017 Reserve Subaccount and any other Parity Debt hereafter issued that the Successor Agency elects to be secured by the 2017 Reserve Subaccount and the sub-subaccounts therein. The Bonds shall be also equally secured by the pledge and lien created with respect to the 2017 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. The Indenture provides that, for the avoidance of doubt, the 2017 Series A Bonds are secured by the pledge and lien created with respect to the 2017 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.

“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.

“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 Areas 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.

“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.

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 to the Special Fund promptly upon receipt thereof by the Successor Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund (including other amounts, if any, transferred into the Special Fund during such Bond Year) equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to the Indenture and for deposit in such Bond Year into the funds and accounts established with respect to Parity Debt, as may be provided in any Parity Debt Instrument.

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 as an account within Retirement Fund and will continue to deposit all Housing Tax Revenues, as and when received, into the Special Fund 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 Interest Payment Date, the Agency shall withdraw from the Special Fund and transfer to the Trustee, for deposit in the Interest Accounts an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment 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 next succeeding Interest Payment Date upon all of the Outstanding 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 redeemed prior to maturity pursuant to the Indenture).

(b) Principal Account. On or before the fourth (4th) Business Day preceding each date on which principal of the Bonds becomes due and payable at maturity, the 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 contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and maturing Term 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 Serial Bonds and maturing Term Bonds as it shall become due and payable. For purposes of this provision, Accreted Value and Conversion Value will be deemed to constitute principal.

(c) Sinking Account. No later than fourth (4th) Business Day preceding each October 1 on which any Outstanding Term Bonds, including those issued as Parity Debt pursuant to a Supplemental Indenture, are subject to mandatory sinking account redemption, or otherwise for purchases of Term Bonds, the 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 pursuant to mandatory sinking account redemption 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 the purchase thereof.

(d) Reserve Account. In the event that the amount on deposit in the Reserve Account at the time of the valuation pursuant to the Indenture becomes less than the Reserve Requirement, the Trustee shall promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency shall transfer to the Trustee an amount of available Housing Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. Amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account, in such order of priority, on any date which the principal of or interest on the Bonds becomes due and payable under the Indenture, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the Bonds then Outstanding. So long as no Event of Default shall have occurred and be continuing, any amount in the Reserve Account in excess of the Reserve Requirement preceding each Interest Payment Date shall be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account on or before the Interest Payment Date.

The Agency shall have the right at any time 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 2004 Series A 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 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 Agency free and clear of the lien of the Indenture. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit

Instrument in full force and effect and as shall 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 (c).

At least fifteen (15) days prior to the expiration of any Qualified Reserve Account Credit Instrument, the 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 such that the amount on deposit in the Reserve Account is equal to the Reserve Requirement (without taking into account such expiring Qualified Reserve Fund Credit Instrument). In the event that the Agency shall fail to take action as specified in clause (i) or (ii) of the preceding sentence, the Trustee shall, prior to the expiration thereof, draw upon the Qualified Reserve Account Credit Instrument in full and deposit the proceeds of such draw in the Reserve Account.

In the event that the Reserve Requirement shall at any time be maintained in the Reserve Account in the form of a combination of cash and a Qualified Reserve Account Credit Instrument, the Trustee shall apply the amount of such cash to make any payment required to be made from the Reserve Account before the Trustee shall draw any moneys under such Qualified Reserve Account Credit Instrument for such purpose. In the event that the Trustee shall at any time draw funds under a Qualified Reserve Account Credit Instrument to make any payment then required to be made from the Reserve Account, the Housing Tax Revenues thereafter received by the Trustee, to the extent remaining after making the other deposits (if any) then required to be made pursuant to the Indenture, shall be used to reinstate the Qualified Reserve Account Credit Instrument.

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 in conformity with applicable provisions of the Tax Code. The Agency shall be responsible for instructing the Trustee to establish such sub-accounts and the Trustee may conclusively rely upon such instructions conforming to the requirements of the Tax Code.

Pursuant to the Seventh Supplement and the 2004 Series A Indenture, the Trustee shall establish, maintain and hold in trust, a separate subaccount within the Reserve Account designated as the "2017 Reserve Subaccount." Amounts on deposit in the 2017 Reserve Subaccount shall be available to pay debt service only on the 2017 Series A Bonds and any other Parity Debt hereafter issued that the Successor Agency elects to be secured by the 2017 Reserve Subaccount. In the event that the Successor Agency elects to secure additional Parity Debt with the 2017 Reserve Subaccount, the Successor Agency shall establish additional sub-subaccounts within the 2017 Reserve Subaccount as needed. Amounts on deposit in the 2017 Reserve Subaccount are not available to pay debt service on the 2004 Bonds, the 2014 Bonds or the 2015 Bonds and are not pledged to the payment thereof.

Pursuant to the Indenture, in the event of a draw on amounts on deposit in the 2017 Reserve Subaccount to pay debt service on the 2017 Series A Bonds, such draw shall be replenished from Tax Revenues on a proportionate basis with the draws on other subaccounts within the Reserve Account based on the respective Reserve Requirements with respect to each such subaccount without regard to whether a particular subaccount contained cash or a Qualified Reserve Account Credit Instrument that was drawn upon.

The calculation of the Reserve Requirement for the 2017 Series A Bonds has been made, and shall hereafter be made, without regard to the 2004 A-T Bonds, the 2010 A-T Bonds, the 2011A Bonds, the 2011 A-T Bonds, the 2014 Bonds, and the 2015 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, 2010 A-T Bonds, 2011A Bonds, 2011 A-T Bonds, 2014 Bonds and 2015 Bonds), as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the Bonds or other 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 on a combined basis, as provided in the Indenture. The Trustee shall establish separate subaccounts for the proceeds of the 2017 Series A Bonds, and all Parity Debt to enable the Trustee to track the investment of the proceeds of the 2017 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 2017 Series A Bonds amount separate from the 2004 A-T Bonds, the 2010 A-T Bonds, the 2011 A Bonds, the 2011 A-T Bonds, the 2014 Bonds and the 2015 Bonds.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest amount of Annual Debt Service on all Outstanding Bonds for the current or any future Bond Year. For purposes of such calculation, there shall be excluded a pro rata portion of each installment of principal of any Parity Debt, together with the interest to accrue thereon, in the event and to the extent that the proceeds of such Parity Debt are deposited in an escrow fund from which amounts may not be released to the Agency unless the Housing Tax Revenues for the current Fiscal Year (as evidenced in the written records of the County) plus Additional Revenues at least meets the coverage requirements for the issuance of Parity Debt.

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 the Indenture, provided that all of the following requirements are met by the Agency at the time of delivery thereof to the Trustee: (a) S&P or Moody's have assigned a long-term credit rating to such bank or insurance company is "AAA" or "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 the Indenture; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture; and (e) prior written notice is given to the 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 October 1, 2014, 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 or 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⁾
2010 A-T Bonds	\$4,168,946.46		-	
2011A Bonds	1,409,302.76		-	
2011 A-T Bonds	1,409,500.00		-	
2014 Bonds	-	Surety Policy	3,719,834.29	Assured Guaranty
<u>2015 Bonds</u>	-	<u>Surety Policy</u>	<u>\$1,060,562.40</u>	<u>Assured Guaranty</u>
Total	<u>\$6,987,749.22</u>		<u>\$7,673,381.31</u>	

⁽¹⁾ XL Capital Assurance Inc. is now Syncora Guarantee Inc. Standard & Poor’s Rating Agency and Moody’s have withdrawn their ratings.

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 2017 Reserve Subaccount is not available to pay debt service on the Outstanding Parity Debt. However, as discussed above, funds in the 2017 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 2017 Series A Subaccount Account.

If circumstances should ever cause a Qualified Reserve Account Credit Instrument to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the portion of Reserve Requirement previously satisfied by such Qualified Reserve Account Credit Instrument. Under the Indenture, in the event that the amount on deposit in a Reserve Account is less than the Reserve Requirement, the Agency is required to transfer to the Trustee an amount of available Housing Tax Revenues sufficient to maintain the amount in the Reserve Account at the Reserve Account Requirement. Should the amount of Housing Tax Revenues then available to maintain the Reserve Account at the Reserve Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Indenture, but the requirement of the Agency to transfer available Tax Revenues to the Trustee would continue. No assurance can be given that there would ever be available Tax Revenues sufficient for such purpose.

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) The Agency shall be in compliance with all covenants set forth in the Indenture and all Parity Debt Instruments.

(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 2011 Series A-T Second Supplement, the 2011 Series A Third Supplement, the 2011 Series A-T Fourth Supplement, the 2014 Series A Fifth Supplement, the 2015 Series A Sixth Supplement, or the 2017 Series A Seventh 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 2017 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.

BOND INSURANCE

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 IX 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 IX 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 2021
John F. Tavaglione	January 2019
Chuck Washington	January 2021
[Vacant]	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 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 (“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 “GENERAL INFORMATION ABOUT EACH PROJECT AREA,” and in the Fiscal Consultant’s Report in APPENDIX B.

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.

SB 107 clarifies that former tax increment limits set forth in redevelopment plans such as the Redevelopment Plan no longer apply for purposes of paying approved enforceable obligations such as the Bonds.

Volatility Ratio

The volatility ratio is the proportion of total assessed valuation accounted for by the base year valuation and reflects the degree of exposure of tax increment to changes in total valuation. A high volatility ratio indicates that a small percentage change in overall assessed valuation would cause a disproportionately large percentage change in tax increment, while a low volatility ratio suggests that a percentage change in overall assessed valuation would cause a similar percentage change in tax increment. Recently-formed redevelopment areas tend to have a high volatility ratio as their total assessed valuation remains close to the base year valuation; their volatility ratio decreases as assessed valuation grows. Additionally, large taxpayers within a Project Area can have a similarly disproportionate impact on the tax increment if they have large variations in assessed valuation over a period of fiscal years.

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

<u>Project Area/Sub-Area</u>	<u>Date of Adoption</u>	<u>Ordinance Number</u>	<u>Acreage</u>	<u>Sub-Area Tax Increment As Percent of Total Tax Increment</u>	<u>Volatility Ratio⁽²⁾</u>
Project Area No. 1					
Home Gardens, Murrieta	12/23/86	635	350	2%	0.12
Lakeland	7/20/99	793	2,859	4	0.45
El Cerrito/Temescal	12/14/99	800	1,442	4	0.19
DCPA					
East Blythe, Mecca, North Shore ⁽³⁾ , Palm Desert Country Club, Ripley, Thermal	12/23/86	638	20,155	21%	0.05
Thousand Palms	12/23/86	638	285	1	0.11
Thousand Palms Amendment	7/20/99	794	408	1	0.30
Desert Center	12/22/87	647	376	0	0.51
Airports (Blythe, Chiriaco, Desert Center, Flabob, French Valley, Hemet-Ryan)	12/19/88	668	6,366	1	0.15
Amendment 2 (100 Palms, Oasis, Mecca)	1/13/09	886	2,078	0	(NA)
I-215					
Lake View, Mead Valley, Romoland 3, Romoland 5	12/23/86	639	3,154	3%	0.18
Highgrove	12/23/86	639	275	1	0.23
Highgrove Amendment 1	11/24/98	783	843	5	0.19
Romoland 2003 Annex	7/16/02	822	1,392	3	0.14
Mead Valley 1987	12/15/87	648	141	0	0.13
Mead Valley 1990 Annex	7/5/89	677	715	2	0.04
Mead Valley 2003 Annex	7/16/02	821	3,200	1	0.44
Lakeview/Nuevo	5/16/06	854	2,821	1	0.82
Sun City/Quail Valley	5/2/06	855	3,289	1	0.76
Highway 74	5/4/10	896	5,865	0	0.90
JVPA					
Mira Loma: Glen Avon, Pedley	12/23/86	636	1,955	4%	0.04
Mira Loma Amendment 1	12/18/88	667	368	1	0.22
Mira Loma Amendment 2	12/19/89	686	1,533	4	0.08
Glen Avon, Rubidoux 1	12/22/87	645	635	1	0.29
Pedley, Rubidoux 2	7/5/89	675	1,354	4	0.13
Jurupa Valley Amendment	7/9/96	762/763	10,755	24	0.24
MCPA					
Garnet, Valle Vista, West Garnet, Winchester	12/23/86	637	980	1%	0.19
Homeland	12/23/86	637	122	0	0.32
Homeland/Green Acres	5/11/99	785	1,307	1	0.36
North Hemet	12/22/87	646	40	0	0.88
Cabazon	7/11/89	676	4,598	3	0.05
Amendment 2 (Garnet, West Garnet)	1/13/09	887	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%.

⁽³⁾ 2016-17 assessed value is less than the base year value for the Sub-Area; consequently, the Agency receives no tax increment from this Sub-Area, and the Sub-Area is excluded from the tables in this Official Statement.

Source: The Agency, Urban Analytics.

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 71,782 properties reduced through Proposition 8 in Fiscal Year 2016-17 countywide with \$7.6 billion in reduced valuation. This compares to 79,150 properties and \$7.7 billion in Proposition 8 reductions in Fiscal Year 2015-16 and 99,299 properties and \$10.7 billion in Proposition 8 reductions in Fiscal Year 2014-15. 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 2016-17. 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 Areas 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>
2016-17	Resolved	3	\$ 2,318,000	\$ 1,592,000	\$ 2,318,000	100%
2016-17	Pending	33	122,431,055	55,558,624	TBD	TBD
2015-16	Resolved	122	238,612,901	153,069,806	237,304,655	99%
2015-16	Pending	173	594,960,535	312,729,409	TBD	TBD
2014-15	Resolved	311	925,992,873	592,788,496	921,864,259	100%
2014-15	Pending	46	240,849,805	144,135,385	TBD	TBD
2013-14	Resolved	384	1,114,101,283	727,397,853	1,099,283,704	99%
2013-14	Pending	24	13,122,945	4,017,362	TBD	TBD
2012-13	Resolved	562	1,476,610,427	926,680,937	1,425,783,942	97%
2012-13	Pending	26	111,738,580	46,052,399	TBD	TBD
2011-12	Resolved	475	938,174,239	532,805,229	904,441,804	96%
2011-12	Pending	3	3,860,815	840,000	TBD	TBD
2010-11	Resolved	654	729,650,189	408,293,421	696,156,939	95%
2010-11	Pending	2	1,768,057	1,100,000	TBD	TBD
2009-10	Resolved	1,441	897,004,781	472,527,762	854,685,223	95%
2009-10	Pending	-	-	-	-	-
2008-09	Resolved	1,177	610,662,363	378,997,036	598,642,217	98%
2008-09	Pending	-	-	-	-	-
2007-08	Resolved	444	159,952,539	99,952,893	154,853,582	97%
2007-08	Pending	-	-	-	-	-
All Years	Resolved	5,573	\$7,093,079,595	\$4,294,105,433	\$6,895,334,325	97.2%
All Years	Pending	307	\$1,088,731,792	\$ 564,433,179	TBD	TBD

⁽¹⁾ Data is current as of November 16, 2016.

⁽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).

⁽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>
2015-16	COSTCO WHOLESALE CORP	13 Resolved	\$131,219,953	\$96,100,000	\$131,219,953
2014-15	CASTLE & COOKE CORONA CROSSINGS	1 Resolved	2,122,566	1,050,000	2,122,566
2014-15	COSTCO WHOLESALE CORP	13 Resolved	133,278,999	88,499,998	133,278,999
2013-14	CASTLE & COOKE CORONA CROSSINGS	2 Resolved	21,514,282	15,252,500	21,514,282
2013-14	COSTCO WHOLESALE CORP	13 Resolved	133,130,902	87,647,735	133,130,902
2012-13	AMB INSTITUTIONAL ALLIANCE FUND III	1 Resolved	39,000,000	31,000,000	39,000,000
2012-13	CASTLE & COOKE CORONA CROSSINGS	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

⁽¹⁾ Appeals filed on properties owned by the ten largest owners for 2016-17. Data is current as of November 16, 2016.

⁽²⁾ Table excludes the following sub-areas that did not generate tax increment in FY2016-17: DCPA (North Shore) and DCPA Amend 2 (100 Palms/Oasis).

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>
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
2016-17	1.525
2017-18	2.000

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 2016-17 assessed valuation.

TABLE 5
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Project Areas
Land Use Fiscal Year 2016-17⁽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	\$ 239,999,730	1.6%	444	0.8%	5,780	8.1%
Commercial	2,006,868,911	13.6	1,723	3.0	3,105	4.3
Industrial	3,457,174,030	23.5	717	1.3	2,295	3.2
Single-Family Residential	5,864,533,289	39.8	24,475	43.0	5,200	7.3
Condominiums	141,349,534	1.0	627	1.1	14	0.0
Other Residential	1,476,808,157	10.0	11,908	20.9	14,860	20.7
Vacant	1,448,832,728	9.8	16,299	28.6	14,293	19.9
Other	86,871,068	0.6	745	1.3	26,170	36.5
Utility	904,081,168	6.1	3,038	5.3	N/A	N/A
Unsecured	<u>906,630,797</u>	<u>6.2</u>	<u>38</u>	<u>0.1</u>	<u>N/A</u>	<u>N/A</u>
Total	\$14,723,909,839	100.0%	56,938	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 2016-17: 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 \$74.8 billion in 2016-17, after deducting all exemptions. The annual assessed valuation figures shown in the table below exclude valuation for sub-areas that did not generate tax increment in a given year; as these areas vary from year to year, a total for all areas is included to allow for year-over-year comparisons. Including these non-tax increment generating sub-areas, the year-over-year increase for fiscal year 2016-17 of 7.17% follows increases of 3.86% in fiscal year 2015-16 and 5.18% in fiscal year 2014-15.

The secured roll accounted for 87.7% of the total valuation of increment producing sub-areas in the Project Areas in 2016-17, with the unsecured and utility rolls comprising 6.2% and the non-unitary utility roll valuation accounting for 6.1%. The table below shows a ten year history of assessed valuation in the Project Areas. See APPENDIX A "GENERAL 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

<u>Roll⁽¹⁾</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10⁽²⁾</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15⁽²⁾</u>	<u>2015-16</u>	<u>2016-17</u>
Secured										
- Land	\$ 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	\$ 4,607,752,059	\$ 4,853,757,975
- Improvements	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	7,719,381,116	8,297,869,960
- Personal Property	72,828,985	72,939,379	79,177,222	78,072,186	69,980,399	62,662,368	64,584,364	64,424,763	71,329,234	71,487,002
- Exemptions	(224,076,126)	(231,923,443)	(243,364,999)	(254,926,858)	(246,279,891)	(213,597,441)	(265,260,970)	(279,891,599)	(303,909,851)	(309,917,063)
Secured Total	\$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	\$12,094,552,558	\$12,913,197,874
Unsecured										
- Land	\$ 298,648	\$ 258,265	\$ 98,547	\$ 1,300,011	\$ 1,164,465	\$ 1,154,572	\$ 74,781	\$ 41,511	\$ 1,084,286	\$ 167,876
- Improvements	338,846,469	381,732,795	415,475,664	416,844,631	419,103,213	443,415,903	457,618,177	438,859,559	433,740,488	459,215,158
- Personal Property	433,228,160	462,182,333	392,364,506	371,108,086	404,189,942	412,173,055	388,998,042	427,630,854	388,740,873	447,482,344
- Exemptions	(3,188,850)	(3,173,503)	(362,991)	(53,985)	(64,236)	(1,537,122)	(54,573)	(3,442,293)	(21,097)	(234,581)
Unsecured Total	\$ 769,184,427	\$ 840,999,890	\$ 807,575,726	\$ 789,198,743	\$ 824,393,384	\$ 855,206,408	\$ 846,636,427	\$ 863,089,631	\$ 823,544,550	\$ 906,630,797
Utility										
- Land	\$ 9,636,436	\$ 9,751,026	\$ 5,067,003	\$ 9,977,408	\$ 18,988,307	\$ 18,426,907	\$ 18,748,118	\$ 26,888,041	\$ 26,881,723	\$ 26,563,502
- Improvements ⁽²⁾	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	833,857,524	877,455,822
- Personal Property	280,436	348,732	355,415	116,500	46,601	41,128	33,319	44,528	64,743	61,844
- Exemptions	0	0	0	0	0	0	0	0	0	0
Utility Total	\$ 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	\$ 860,803,990	\$ 904,081,168
Totals:	\$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	\$13,778,901,098	\$14,723,909,839
Totals All Areas	11,497,997,138	12,548,115,336	12,219,962,048	11,740,063,295	12,052,628,905	11,861,643,752	12,640,132,448	13,294,936,018	13,807,538,030	14,798,228,102
Percent Change, All Areas	29.78%	9.13%	(2.62)%	(3.93)%	2.66%	(1.58)%	6.56%	5.18%	3.86%	7.17%
Plus: HOPTR AV ⁽³⁾	\$ 93,980,460	\$ 94,498,361	\$ 94,574,600	\$ 93,701,619	\$ 92,537,463	\$ 80,587,911	\$ 87,016,647	\$ 92,000,924	\$ 97,272,509	\$ 96,779,021
Less: Base AV	2,966,434,812	2,963,767,175	2,963,749,239	2,962,999,259	0	2,962,999,259	2,320,069,755	3,126,875,484	3,761,907,241	3,761,907,241
Incremental AV:	\$ 8,625,542,786	\$ 9,643,059,064	\$ 9,342,039,259	\$ 8,574,126,963	\$11,608,207,812	\$ 7,850,351,140	\$ 9,808,825,603	\$ 9,955,621,237	\$10,114,266,366	\$11,058,781,619
Incremental Revenue (1%)	\$ 86,255,428	\$ 96,430,591	\$ 93,420,393	\$ 85,741,270	\$ 116,082,078	\$ 78,503,511	\$ 98,088,256	\$ 99,556,212	\$ 101,142,664	\$ 110,587,816

⁽¹⁾ The table excludes sub-areas that did not generate tax increment in a given year. These excluded areas may vary by year. Annual totals for all sub-areas are provided to allow for year-over-year comparisons with the same sub-areas.

⁽²⁾ Fiscal Year 2013-14 CPV Sentinel electric facility is placed on Assessor's Roll.

⁽³⁾ The Homeowner's Property Tax Relief exemption, reimbursed by the state.

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 6.0% 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, decreasing to \$558.0 million in fiscal year 2015-16 and increasing to \$643.3 million in fiscal year 2016-17.

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 \$253.0 million in fiscal year 2016-17, which is lower than the fiscal year 2014-15 value of \$346.6 million. 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 four 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 – 2016-17⁽¹⁾**

<u>Property Owner</u>	<u>Secured and Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Pct of Total</u>	<u>Sub-Area</u>
CPV SENTINEL, LLC	\$ 643,300,000	-	\$ 643,300,000	4.37%	MCPA (Amendment No. 2)
INLAND EMPIRE ENERGY CENTER, LLC	253,800,000	-	253,800,000	1.72	I-215 (Romoland 2003 Annex)
CHELSEA GCA REALTY PARTNERSHIP	231,485,390	-	231,485,390	1.57	MCPA (1989 Annex)
CASTLE & COOKE	177,528,716	-	177,528,716	1.21	PA1 (El Cerrito/Temescal)
COSTCO WHOLESALE CORP	164,120,608	\$ 91,318	164,211,926	1.12	JVPA (1996 Amendment)
TEACHERS INSURANCE ANNUITY ASSN	136,993,124	-	136,993,124	0.93	JVPA (1996 Amendment)
AMB INSTITUTIONAL ALLIANCE FUND III	112,867,789	-	112,867,789	0.77	JVPA (1996 Amendment)
COLE ID RIVERSIDE CA	97,085,223	-	97,085,223	0.66	I-215 (Highgrove Amend. 1)
EASTVALE GATEWAY	89,793,047	-	89,793,047	0.61	JVPA (1996 Amendment)
UPS SUPPLY CHAIN SOLUTIONS GEN SERV INC	87,118,768	-	87,118,768	0.59	JVPA (1996 Amendment)
Total, Top Ten:	\$ 1,994,092,665	\$ 91,318	\$ 1,994,183,983	13.54%	
Total, Top Twenty:	2,597,162,904	2,952,282	2,600,115,186	17.66	
Total, Top Hundred:	4,174,111,991	252,779,827	4,426,891,818	30.07	
Totals for the Area:	\$13,817,279,042	\$906,630,797	\$14,723,909,839	100.00%	

⁽¹⁾ Table excludes the following sub-areas that did not generate tax increment in FY2016-17: 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, 2016” 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 October 2, 2016 as follows:

TABLE 8
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Summary of Outstanding Housing Debt
(As of October 2, 2016)

	Balance
	<u>October 2, 2016</u>
Bonds:	
2004 A-T Bonds	\$ 22,480,000
2010 Bonds ⁽¹⁾⁽²⁾	15,855,000
2010 A-T Bonds	45,325,000
2011 Bonds	14,093,028
2011 A-T Bonds	7,035,000
2014 Bonds	36,465,000
2015 Bonds	<u>13,025,000</u>
Total	\$154,358,028

⁽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. See APPENDIX B “FISCAL CONSULTANT’S REPORT,” for a discussion of delinquency rates in the Project Areas.

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 all of the 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, all of the Successor Agency’s bonds issued after 2014 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 total principal amount of bonds outstanding of the Successor Agency is \$536,167,721 for non-housing bonds and \$154,358,028 for housing bonds. The total annual amount of tax increment for all project areas in 2016-17 is \$114,120,041 and payments on all obligations of the Successor Agency were \$43,511,223 with a residual balance of \$38,879,673. See Appendix B “REPORT OF FISCAL CONSULTANT.”

The table below sets forth the residual tax revenues which were distributed to taxing entities and available for other enforceable obligations of the Successor Agency for each fiscal year since Fiscal Year 2011-12.

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

Fiscal Year	ROPS Filed	Property Tax Deposits (RPTTF)	County Administrative Distributions	Passthrough Distributions	Available for Enforceable Obligations	Administrative Obligations	Debt Service and Non-Administrative Obligations	Excess RTTF Revenue
2011-12	ROPS I and II	\$ 90,463,742	\$1,138,494	\$21,804,232	\$67,521,016	\$ -	\$67,521,016	\$ -
2012-13	ROPS III and 13-14A	90,395,395	1,238,003	23,104,432	66,052,960	1,877,232	62,037,174	2,138,554
2013-14	ROPS 13-14B and 14-15A	104,936,072	1,208,571	35,115,754	68,611,747	1,806,322	38,618,640	28,186,785
2014-15	ROPS 14-15B and 15-16A	99,237,213	1,261,498	23,393,003	74,582,712	990,527	52,094,610	21,497,575
2015-16	ROPS 15-16B and 16-17A	106,533,956	1,156,480	25,016,039	80,361,437	1,475,572	42,775,024	36,110,841
2016-17	ROPS 16-17B and 17-18A	114,120,041	2,670,095	27,726,057	83,723,888	1,332,992	43,511,223	38,879,673

Notes: Debt service levy collections included in Property Tax Deposits for FY 2013-14 were offset by matching Passthrough Distributions. Passthrough Distributions include subordinated passthrough payments. FY 2016-17 includes actuals for ROPS 16-17B and estimates for 17-18A.
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 “GENERAL 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 Valley Tax Revenues	Mid-County Tax Revenues	Desert Communities Tax Revenues	I-215 Tax Revenues	Total Tax Revenues
2016-17	\$10,535,401	\$44,061,130	\$10,724,783	\$26,023,077	\$19,789,416	\$111,133,807
2017-18	10,813,105	45,068,246	11,039,332	26,567,183	20,414,463	113,902,330
2018-19	11,096,363	46,095,505	11,360,172	27,122,170	21,052,012	116,726,223
2019-20	11,385,287	47,143,309	11,687,429	27,688,257	21,702,311	119,606,594
2020-21	11,679,989	48,212,069	12,021,231	28,265,666	22,365,617	122,544,572
2021-22	11,980,585	49,302,205	12,361,709	28,854,623	23,042,189	125,541,310
2022-23	12,287,192	50,414,143	12,708,996	29,455,360	23,732,292	128,597,983
2023-24	12,599,932	51,548,320	13,063,229	30,068,111	24,436,197	131,715,789
2024-25	12,918,927	52,705,180	13,424,547	30,693,117	25,154,180	134,895,951
2025-26	13,244,302	53,885,178	13,793,091	31,330,623	25,886,523	138,139,717
2026-27	13,576,184	55,088,776	14,169,007	31,980,879	26,633,512	141,448,357
2027-28	13,914,704	56,316,445	14,552,440	32,644,140	27,395,442	144,823,171
2028-29	14,259,994	57,568,668	14,943,542	33,320,667	28,172,610	148,265,481
2029-30	14,612,190	58,845,935	15,342,466	34,010,724	28,965,321	151,776,637
2030-31	14,971,430	60,148,748	15,749,369	34,714,582	29,773,887	155,358,016
2031-32	15,337,855	61,477,617	16,164,409	35,432,518	30,598,624	159,011,023
2032-33	15,711,608	62,833,064	16,587,751	36,164,812	31,439,856	162,737,090
2033-34	16,092,836	64,215,619	17,019,559	36,911,752	32,297,912	166,537,678
2034-35	16,481,689	65,625,825	17,460,004	37,673,631	33,173,130	170,414,278
2035-36	16,878,319	67,064,236	17,909,257	38,450,747	34,065,851	174,368,410
2036-37	17,282,882	68,531,414	18,367,495	39,243,406	34,976,428	178,401,625
2037-38	17,695,535	70,027,937	18,834,898	40,051,918	35,905,216	182,515,504
2038-39	18,116,442	71,554,390	19,311,650	40,876,600	36,852,579	186,711,660
2039-40	18,545,767	73,111,371	19,797,936	41,717,776	37,818,890	190,991,740
2040-41	18,983,679	74,699,493	20,293,948	42,575,775	38,804,527	195,357,421
2041-42	19,430,348	76,319,377	20,799,880	43,450,934	39,809,877	199,810,416

⁽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 Valley Housing Tax Revenues	Mid-County Housing Tax Revenues	Desert Communities Housing Tax Revenues	I-215 Housing Tax Revenues	Total Housing Tax Revenues
2016-17	\$2,107,080	\$ 8,812,226	\$2,144,957	\$5,204,615	\$3,957,883	\$22,226,761
2017-18	2,162,621	9,013,649	2,207,866	5,313,437	4,082,893	22,780,466
2018-19	2,219,273	9,219,101	2,272,034	5,424,434	4,210,402	23,345,245
2019-20	2,277,057	9,428,662	2,337,486	5,537,651	4,340,462	23,921,319
2020-21	2,335,998	9,642,414	2,404,246	5,653,133	4,473,123	24,508,914
2021-22	2,396,117	9,860,441	2,472,342	5,770,925	4,608,438	25,108,262
2022-23	2,457,438	10,082,829	2,541,799	5,891,072	4,746,458	25,719,597
2023-24	2,519,986	10,309,664	2,612,646	6,013,622	4,887,239	26,343,158
2024-25	2,583,785	10,541,036	2,684,909	6,138,623	5,030,836	26,979,190
2025-26	2,648,860	10,777,036	2,758,618	6,266,125	5,177,305	27,627,943
2026-27	2,715,237	11,017,755	2,833,801	6,396,176	5,326,702	28,289,671
2027-28	2,782,941	11,263,289	2,910,488	6,528,828	5,479,088	28,964,634
2028-29	2,851,999	11,513,734	2,988,708	6,664,133	5,634,522	29,653,096
2029-30	2,922,438	11,769,187	3,068,493	6,802,145	5,793,064	30,355,327
2030-31	2,994,286	12,029,750	3,149,874	6,942,916	5,954,777	31,071,603
2031-32	3,067,571	12,295,523	3,232,882	7,086,504	6,119,725	31,802,205
2032-33	3,142,322	12,566,613	3,317,550	7,232,962	6,287,971	32,547,418
2033-34	3,218,567	12,843,124	3,403,912	7,382,350	6,459,582	33,307,536
2034-35	3,296,338	13,125,165	3,492,001	7,534,726	6,634,626	34,082,856
2035-36	3,375,664	13,412,847	3,581,851	7,690,149	6,813,170	34,873,682
2036-37	3,456,576	13,706,283	3,673,499	7,848,681	6,995,286	35,680,325
2037-38	3,539,107	14,005,587	3,766,980	8,010,384	7,181,043	36,503,101
2038-39	3,623,288	14,310,878	3,862,330	8,175,320	7,370,516	37,342,332
2039-40	3,709,153	14,622,274	3,959,587	8,343,555	7,563,778	38,198,348
2040-41	3,796,736	14,939,899	4,058,790	8,515,155	7,760,905	39,071,484
2041-42	3,886,070	15,263,875	4,159,976	8,690,187	7,961,975	39,962,083

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⁽¹⁾	Projected Housing Tax Revenues⁽¹⁾	Outstanding Parity Bonds Debt Service⁽²⁾	2017A Bonds Debt Service⁽²⁾	Total Debt Service⁽²⁾	Coverage Ratio
2016-17	\$22,226,761				
2017-18	22,780,466				
2018-19	23,345,245				
2019-20	23,921,319				
2020-21	24,508,914				
2021-22	25,108,262				
2022-23	25,719,597				
2023-24	26,343,158				
2024-25	26,979,190				
2025-26	27,627,943				
2026-27	28,289,671				
2027-28	28,964,634				
2028-29	29,653,096				
2029-30	30,355,327				
2030-31	31,071,603				
2031-32	31,802,205				
2032-33	32,547,418				
2033-34	33,307,536				
2034-35	34,082,856				
2035-36	34,873,682				
2036-37	35,680,325				
2037-38	36,503,101				
2038-39	37,342,332				
3039-40	38,198,348				
2040-41	39,071,484				
2041-42	39,962,083				

⁽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."

⁽²⁾ Debt Service on the Bonds and Total Debt Service are represented on a Bond Year basis.

Source: Urban Analytics as to Projected Housing Tax Revenue; The Agency and Underwriter as to Coverage Ratio.

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 added new provisions to the Dissolution Act implementing certain penalties in the event the Successor Agency does not timely submit a ROPS. If the Successor Agency does not timely submit a ROPS, 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 timely submit an Oversight Board-approved ROPS.

Commencing on February 1, 2016, pursuant to SB 107, successor agencies were transitioned to an annual Recognized Obligation Payment Schedule process pursuant to which successor agencies will be required to file Recognized Obligation Payment Schedules with the DOF and the County Auditor-Controller for approval each February 1 for the July 1 through June 30 period immediately following such February 1 commencing with the July 1, 2016 through June 30, 2017 period.

Commencing September 22, 2015, successor agencies which received a Finding of Completion and the concurrence of the DOF as to the items that qualify for payment, among other conditions, may at their option, file a "Last and Final" Recognized Obligation Payment Schedule. If approved by the DOF, 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 DOF 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. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the DOF and the County Auditor-Controller. The Successor Agency has not submitted a Last and Final Recognized Obligation Payment Schedule and does not currently plan to submit a Last and Final Recognized Obligation Payment Schedule.

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.”

Additionally, two power plants with high assessed values in the Project Areas represent more than 6% of secured assessed value in the Project Areas. These facilities have had assessed value reduced by the State Board of Equalization as discussed in “THE PROJECT AREAS – Largest Taxpayers in the Project Areas.”

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. See APPENDIX B “REPORT OF FISCAL CONSULTANT,” for a discussion of the delinquency rates of the Project Areas.

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 2016-17 is 1.525%. 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.

Seismic Considerations and Natural Calamities

The most significant safety hazard in Riverside County is due to seismic hazards. Southern California has numerous seismically active faults, several of which are in or in close proximity to the Project Area. The San Gorgonio Pass is located within the Project Area, and is traversed by a number of regional faults. Faults that may affect the Project Area include the South Pass Fault, Lawrence fault, Banning Fault, Mission Creek Fault, Beaumont Plain Fault, Garnet Fault, and the San Andreas Fault. The Banning Fault is the closest major fault to the Cabazon Sub-Area, and is generally considered to be the southern branch of the San Andreas Fault, east of Cabazon. The Beaumont Plain Fault, the Garnet Fault and an offshoot of the San Andreas Fault run through the Mid-County Project Area, with the San Andreas Fault running along either side of the Garnet sub-area. Other regional faults of significance include the San Jacinto and Elsinore Fault systems. The potential for liquefaction is minimal within the project areas. New construction within the Project Area is now built in accordance with Uniform Building Code which contains standards designed to minimize structural damage caused by seismic events. However, a major earthquake could damage property and reduce Project Area’s tax revenues.

The potential for flooding varies among the Project Areas. Problems with flooding occur in and around the Mid-County Project Area and some sub areas within the 100-year flood plain.

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 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 Insured 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 Insured Bonds when all or some becomes due, any Owner of the Insured 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 Insured 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 Insured 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 Insured Bonds, no assurance is given that such event will not adversely affect the market price of the Insured Bonds or the marketability (liquidity) for the Insured Bonds.

The long-term ratings on the Insured 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 Insured Bonds will not be subject to downgrade and such event could adversely affect the market price of the Insured 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.

Secondary Market

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

Bankruptcy

The rights of the Owners of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights under currently existing law or laws enacted in the

future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinions of Bond Counsel as to the enforceability of the obligation to make payments on the Bonds will be qualified as to bankruptcy and such other legal events. See APPENDIX F “FORM OF OPINION OF BOND COUNSEL.”

Federal Tax-Exempt Status of the Bonds

The Internal Revenue Code of 1986, as amended (the “Code”) imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the 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 has covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the 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 XIIB 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 XIIC and XIID 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 XIIC 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.

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 2015-16 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.

Proposition 87

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

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 1.50% 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 (including the Successor Agency) 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.

In addition to any non-compliance of the County generally, 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, and the Audited Financial Statements for Fiscal Year 2014-15 due December 31, 2015, were not timely filed with respect to Successor Agency bonds issued in 2015. All annual reports 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. MCDC was a program which allowed issuers and underwriters to voluntarily report non-compliance with disclosure obligations. Additionally, the County self-reported under the provisions of MCDC. On March 3, 2017 the County was informed by the SEC that no enforcement action would be recommended against the Successor Agency to the Redevelopment Agency of the County of Riverside.

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 the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest 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 purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Bonds. The Successor 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.

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 a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of

such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

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

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

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 other federal tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

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 2010 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 Insured Bonds are expected to receive the rating of "___" (stable outlook) by Standard & Poor's Ratings Service, a Division of The McGraw Hill Companies ("S&P"), with the understanding that upon execution and delivery of the Insured Bonds, the municipal bond insurance policy insuring the payment when due of the principal and interest on the Insured Bonds will be issued by ____. S&P has assigned its underlying rating of "___" on the Bonds.

The ratings 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 ratings 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 ratings obtained may have an adverse effect on the market price of the Bonds.

Financial Interests

The fees being paid to the Underwriters, Bond Counsel, Disclosure Counsel, Municipal Advisor to the Successor Agency, the Trustee and Underwriters’ Counsel are contingent upon the issuance and delivery of the Bonds. The fees being paid to the Fiscal Consultant are not contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriters on matters unrelated to the Bonds.

Underwriting

Citigroup Global Markets Inc., on behalf of itself and Raymond James & Associates, Inc. (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 2016-17. 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 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, 4.59% in 2015-16, and 4.95% in 2016-17. The base year value is 30% of the total taxable value in the Project Area for 2016-17. 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 2012-13 through 2016-17)

Roll	2012-13	2013-14	2014-15	2015-16	2016-17
Secured					
- Land	\$ 383,970,768	\$ 400,252,581	\$ 426,073,365	\$ 451,088,474	\$ 471,216,562
- Improvements	780,860,785	809,335,272	865,464,674	906,176,685	951,197,129
- Personal Property	1,989,042	1,919,583	1,811,912	1,789,329	2,234,465
- Exemptions	(47,074,502)	(47,493,671)	(48,288,987)	(48,192,603)	(49,265,007)
Secured Total	\$1,119,746,093	\$1,164,013,765	\$1,245,060,964	\$1,310,861,885	\$1,375,383,149
Unsecured					
- Land	\$ 346,498	\$ 44,579	\$ 14,272	\$ 13,847	\$ 140,488
- Improvements	75,976,579	69,039,300	67,070,987	66,184,297	59,697,282
- Personal Property	46,639,724	38,467,858	37,028,602	34,115,803	45,849,708
- Exemptions	(400,135)	(39,213)	(42,980)	(24,780)	(17,780)
Unsecured Total	\$ 122,562,666	\$ 107,512,524	\$ 104,070,881	\$ 100,289,167	\$ 105,669,698
Utility					
- Land	\$ 890,976	\$ 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	\$ 890,976	\$ 890,976	\$ 890,976	\$ 890,976	\$ 890,976
Totals:	\$1,243,199,735	\$1,272,417,265	\$1,350,022,821	\$1,412,042,028	\$1,481,943,823
Percent Change	-2.55%	2.35%	6.10%	4.59%	4.95%
Plus: HOPTR AV	\$ 16,002,103	\$ 15,152,540	\$ 14,825,592	\$ 14,652,232	\$ 14,460,115
Less: Base AV	446,601,282	446,601,282	446,601,282	446,601,282	446,601,282
Incremental AV:	\$ 812,600,556	\$ 840,968,523	\$ 918,247,131	\$ 980,092,978	1,049,802,656
Incremental Revenue (1%)	\$ 8,126,006	\$ 8,409,685	\$ 9,182,471	\$ 9,800,930	\$ 10,498,027

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 Corona Crossings is the largest property owner representing 11.98% of the assessed value of the Project Area, and the top ten assesseees represent 20.97% of the Project Area's assessed value. See APPENDIX B "REPORT OF FISCAL CONSULTANT – Ten Largest Assesseees."

Assessed Valuation Appeals

There are 32 pending appeals within the Project Area, as of November 26, 2016. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals. Four of the Project Area's top ten taxpayers have pending appeals of their assessed value. See APPENDIX B – "REPORT OF FISCAL CONSULTANT."

Property Value by Land Use

Taxable values in the Project Area are diversified with residential property values making up 57.10% of all value. Industrial uses account for 16.5% of the Project Area taxable values and commercial uses account for 20.2%. Together, these four land use categories account for 93.8% of all taxable value in the Project Area.

The following table illustrates the land use of property within the entire Project Area and its assessed value.

TABLE A-2
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Redevelopment Project Area No. 1
Land Use
(Fiscal Year 2016-17)

<u>Land Use</u>	<u>Secured AV⁽¹⁾</u>	<u>Pct of AV</u>	<u>Number of Parcels</u>	<u>Pct of Parcels</u>	<u>Acres⁽²⁾</u>	<u>Pct of Acres</u>
Agricultural	\$ 1,088,460	0.1%	3	0.0%	49	1.1%
Commercial	278,421,108	20.2	248	3.6	432	9.3
Industrial	227,109,276	16.5	85	1.2	376	8.1
Single-Family Residential	544,701,083	39.6	3,270	47.8	877	18.9
Condominiums	4,438,845	0.3	14	0.2	4	0.1
Other Residential	236,088,586	17.2	1,936	28.3	1,033	22.2
Vacant	80,735,753	5.9	1,260	18.4	1,819	39.1
Other	<u>2,800,038</u>	<u>0.2</u>	<u>32</u>	<u>0.5</u>	<u>60</u>	<u>1.3</u>
Total	\$1,375,383,149	100.0%	6,848	100.0%	4,651	100.0%

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

⁽²⁾ Acreage is estimated using tax roll data and information provided by the Agency.

Source: County Assessor, Urban Analytics.

The remaining area within the Project Area generally includes parcels which follow the major east/west arterial of Foothill Boulevard. Land use within this area are largely devoted to commercial and office uses with scattered sites of vacant land.

The Jurupa Valley Project Area

General. 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 an 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.

Mira Loma. Located in the northwestern-most portion of the County, the community of Mira Loma has evolved into a large-scale industrial center. This center includes 2,489 acres from the original project area, generally located north of State Route 60 and primarily industrial in nature. The Sub-Area also includes a portion of the Amendment Area which resulted in the addition of industrial land along Interstate 15 south of State Route 60. Numerous corporate warehouse/distribution and manufacturing firms have located large facilities in this Sub-Area, including Nestlé, Costco, Anheuser-Busch, Union Pacific and many others. Like much of the land in this region, warehouse distribution and industrial development have steadily replaced dairy farms and grape vineyards. Most of the land in the Sub-Area is zoned either commercial or industrial. The southwestern portion of the Sub-Area consists mostly of older single-family residences with scattered neighborhood commercial uses.

Rubidoux. The community of Rubidoux is an older community with a rich historical past dating back to the turn of the century. Rubidoux lies just west of the City of Riverside and is adjacent to State Route 60, which is one of two major arterials linking Riverside County to the larger Los Angeles region. The original project area included approximately 1,092 acres of commercial property primarily along two major thoroughfares: Mission and Rubidoux Boulevards. The Amendment Area added residential area outside the commercial core and included some heavy industrial areas along Market Street north of the commercial core. The commercial corridor along Mission Boulevard has been undergoing a comprehensive revitalization program administered by the Agency. Improvements included upgrades to the existing water system in order to meet fire flow requirements and to serve future development along the boulevard. Other program components include street improvements, landscaping, upgraded lighting and a façade improvement program. The residential areas in Rubidoux primarily contain low to moderate-income housing.

The industrial area in Rubidoux is located north of State Route 60 and a portion of the Jurupa Valley Project Area is within a state designated Recycling Market Development Zone/Enterprise Zone (RMDZ/EZ) called the Agua Mansa Enterprise Zone. The Enterprise Zone offers state tax credits to businesses and the Recycling Market Development Zone has a low-interest loan program for manufacturers of recycled products.

Glen Avon. The community of Glen Avon is located south of State Route 60 between Mira Loma and Rubidoux. Bisected by Mission Boulevard, Glen Avon consists mostly of residential and neighborhood commercial uses. The original project area included 120 acres in the commercial core of the area. The Amendment to the project area enabled the Agency to add a large amount of land extending west to Mira Loma and east to Rubidoux. Land uses consist of scattered residential and commercial development and some fallow agricultural land. It is expected that the central location between Mira Loma and Rubidoux should encourage new growth in Glen Avon.

Pedley. The community of Pedley contains a large portion of the newest housing stock in the Jurupa Valley Project Area. The original project area contained 777 acres along Limonite Avenue east of Van Buren Boulevard. The Amendment Area included an older residential area just west of Van Buren Boulevard. Both suburban and rural in character, the center of the community lies at the intersection of Van Buren Boulevard and Limonite Avenue adjacent to the Santa Ana River. This area is characterized by neighborhood commercial land uses and various types of housing product. The northern and southern portions of the community are designated for industrial development. However, most of the industrial parcels are smaller than those in Mira Loma. The area adjacent to the two heavily traveled roadways, Limonite Avenue and Van Buren Boulevard, has been recognized as having potential for future commercial development.

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. Costco Wholesale Corp. is the largest property owner representing 3.0% of the assessed value of the Project Area, and the top ten assesseees represent 16.4% of the Project Area's assessed value. See APPENDIX B "REPORT OF FISCAL CONSULTANT – Ten Largest Assesseees."

Assessed Valuation

Assessed values within the Jurupa Valley Project Area have remained stable from Fiscal Years 2012-13 through 2016-17. Due to the impact of general economic stress in California, taxable values in the Project Area declined by 4.28% percent in 2010-11. Values increased for 2013-14 by 3.46%, by 3.38% in 2014-15, 6.21% in 2015-16, and by 8.83% in 2016-17. The base year value is 22% of the total taxable value in the Project Area for 2015-16. Table A-3 sets forth Project Area assessed valuation for the past five fiscal years.

TABLE A-3
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Jurupa Valley Project Area
Historical Assessed Values
(Fiscal Years 2012-13 through 2016-17)

<u>Roll</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Secured					
- Land	\$1,462,567,092	\$1,537,673,047	\$1,595,815,400	\$1,699,357,929	\$1,801,232,645
- Improvements	2,603,244,367	2,670,794,164	2,783,183,415	2,966,906,804	3,290,815,429
- Personal Property	49,347,849	48,772,240	45,572,309	52,114,063	51,818,866
- Exemptions	(80,248,613)	(87,840,358)	(88,788,027)	(89,523,327)	(91,568,527)
Secured Total	\$4,034,910,695	\$4,169,399,093	\$4,335,783,097	\$4,628,855,469	\$5,052,298,413
Unsecured					
- Land	\$ 175,431	\$ 7,124	\$ 4,161	\$ 1,047,361	\$ 3,072
- Improvements	210,581,631	219,250,970	212,077,737	208,431,324	225,312,100
- Personal Property	173,110,551	183,643,914	178,374,166	181,522,380	187,022,818
- Exemptions	(13,770)	(13,770)	0	21,230	(91,257)
Unsecured Total	\$ 383,853,843	\$ 402,888,238	\$ 390,456,064	\$ 391,022,295	\$ 412,246,733
Utility					
- Land	\$ 3,930,271	\$ 3,875,102	\$ 3,695,025	\$ 3,594,837	\$ 3,276,616
- Improvements	1,714,574	1,521,520	2,321,484	2,411,904	1,953,202
- Personal Property	41,128	33,319	44,528	64,743	61,844
- Exemptions	0	0	0	0	0
Utility Total	\$ 5,685,973	\$ 5,429,941	\$ 6,061,037	\$ 6,071,484	\$ 5,291,662
Totals:	\$4,424,450,511	\$4,577,717,272	\$4,732,300,198	\$5,025,949,248	\$5,469,836,808
Percent Change	1.07%	3.46%	3.38%	6.21%	8.83%
Plus: HOPTR AV	\$ 30,930,345	\$ 30,478,862	\$ 29,860,207	\$ 29,543,091	\$ 29,811,881
Less: Base AV	1,104,611,835	1,104,611,835	1,104,611,835	1,104,611,835	1,104,611,835
Incremental AV:	\$3,350,769,021	\$3,503,584,299	\$3,657,548,570	\$3,950,880,504	\$4,395,036,854
Incremental Revenue (1%)	\$ 33,507,690	\$ 35,035,843	\$ 36,575,486	\$ 39,508,805	\$ 43,950,369

Source: County Assessor, Urban Analytics.

Assessed Valuation Appeals

There are 150 pending appeals within the Project Area, as of November 16, 2016. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals. Six of the Project Area's top ten taxpayers have pending appeals of their assessed value. See APPENDIX B – "REPORT OF FISCAL CONSULTANT."

Property Value by Land Use

Assessed values in the Project Area are diversified with single family residential property values making up 38.7% of all value. Industrial uses account for 39.1% of the Project Area assessed values and commercial uses account for 13.2%. Together, these four land use categories account for 91% of all taxable value in the Project Area.

The following table illustrates the land use of property within the entire Project Area and its assessed value.

TABLE A-4
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Jurupa Valley Project Area
Land Use
(Fiscal Year 2016-17)

<u>Land Use</u>	<u>Secured AV⁽¹⁾</u>	<u>Pct of AV</u>	<u>Number of Parcels</u>	<u>Pct of Parcels</u>	<u>Acres⁽²⁾</u>	<u>Pct of Acres</u>
Agricultural	\$ 3,651,421	0.1%	11	0.1%	84	0.5%
Commercial	668,145,869	13.2	651	4.9	1,748	10.5
Industrial	1,974,785,930	39.1	293	2.2	2,924	17.6
Single-Family Residential	1,594,591,265	31.6	8,729	65.5	4,389	26.4
Condominiums	102,756,303	2.0	380	2.9	10	0.1
Other Residential	258,324,448	5.1	821	6.2	1,304	7.9
Vacant	439,629,695	8.7	2,270	17.0	5,223	31.5
Other	<u>10,413,481</u>	<u>0.2</u>	<u>163</u>	<u>1.2</u>	<u>917</u>	<u>5.5</u>
Total	\$5,052,298,413	100.0%	13,318	100.0%	16,600	100.0%

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

⁽²⁾ Acreage is estimated using tax roll data and information provided by the Agency.

Notes: Valuations include homeowner's exemptions, which is restored by the Auditor prior to the calculation of the Acreage is estimated using tax roll data and information provided by the Agency.

Source: County Assessor, Urban Analytics.

The remaining area within the Project Area generally includes parcels which follow the major east/west arterial of Foothill Boulevard. Land use within this area is largely devoted to commercial and office uses with scattered sites of vacant land.

The Mid-County Project Area

General. The Mid-County Project Area originally consisted of three project areas: Project Area Nos. 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 project area is composed of approximately 9,721 acres.

Garnet. Garnet is located in the Fifth Supervisorial District, at the intersection of Interstate 10 and Indian Avenue, directly between Palm Springs and Desert Hot Springs and serves as an entry point for both cities. The community includes approximately 250 acres of underutilized properties. A portion of the Sub-Area is within Palm Springs city limits and a portion is within the Desert Hot Springs sphere of influence. Business in Garnet has traditionally focused on tourist commercial establishments, including auto service facilities. This focus has shifted toward quality industrial and commercial development as the surrounding area has changed. The recent development of business parks and freeway improvements makes the area ideal for future industrial and commercial development. Additional territory was added to the Garnet Sub-Area in January 2009, as part of Amendment No. 2.

Valle Vista. The Valle Vista Sub-Area includes 550 acres located along Highway 74 portions of which are located within the City of Hemet. The Sub-Area consists of commercial uses along the highway frontage; residential uses are located to the north and south of the commercial corridor. Highway 74 is the main route to numerous recreational opportunities offered by the San Jacinto Mountains, Lake Hemet, and Diamond Valley Lake. Growth potential for the area should also be enhanced by the Agency's recent infrastructure investments in the Sub-Area, such as road and water improvements. A new sheriff sub-station and library expansion have also been recently constructed.

West Garnet. The West Garnet Sub-Area consists of 144 acres located south of Interstate 10, is near the City of Palm Springs. The Sub-Area is located in a designated wind energy zone, which is the prevailing development in the area. Additional territory was added to the Sub-Area in January 2009 with the adoption of Amendment No. 2 to the Mid-County Project Area.

Homeland/Green Acres. The original Homeland Sub-Area included approximately 120 acres of land situated between the cities of Perris and Hemet. Amendment No. 1 enabled the Agency to add more territory from both the adjacent Homeland and Green Acres communities to the Sub-Area. The amended area is contiguous and is predominately residential in nature. The Sub-Area is bisected by Highway 74, one of two major east-west arterials in the region that connects with Interstate 215. Commercial land uses front Highway 74 and serve as the core of the community. Diamond Valley Lake is located south of the Sub-Area, and is Southern California's largest drinking water storage facility with 800,000 acre feet or 269 billion gallons of water storage. Numerous recreational opportunities have been made available, including but not limited to bicycling, hiking and equestrian trails, picnicking, camping, golfing, fishing, sailing, and special events. Access to the lake is from Highway 79, which runs south from Highway 74. As such, a large number of visitors are likely to travel through the Sub-Area.

Winchester. The Winchester Sub-Area is located between the cities of Temecula and Hemet and is bisected by Highway 79. The Sub-Area consists of approximately 30 acres of commercial property that fronts Highway 79 and serves as the core of the community. The Sub-Area was created in this small rural community in order to strengthen the commercial base in a single location, and to revitalize the service commercial and neighborhood commercial uses in this area. Highway 79 serves as a major north-south arterial through the Mid-County region and, as mentioned above, is the primary link between Interstate 215 and the Diamond Valley Lake. Plans are underway to widen this major thoroughfare in order to accommodate the anticipated growth from the reservoir and surrounding development.

North Hemet. Originally known as Project Area No. 3-1987, the Sub-Area of North Hemet was approved by the Board on December 22, 1987 via Ordinance No. 646. The Sub-Area is approximately 40 acres in size and is comprised of unincorporated County land and land incorporated by the City of Hemet. Generally, the Sub-Area contains commercial uses that face State Street, vacant and underutilized parcels north of Menlo Avenue and residences adjacent to Alessandro Avenue.

Cabazon. Originally called Project Area No. 3-1989, the Sub-Area of Cabazon was approved by the Board of July 11, 1989 pursuant to Ordinance No. 676. The community of Cabazon is located between the cities of Banning and Palm Springs and shares boundaries with the Morongo Indian Reservation to the north and

southeast. The 4,598 acre Sub-Area is bisected by Interstate 10 which is the major east-west corridor linking the westernmost portion of the County with the desert region. The community contains both sloping and flat terrain and is surrounded by the spectacular peaks of the San Jacinto and San Gorgonio Mountains. The land uses in the Sub-Area consist of a large-scale commercial retail outlet (473,000 square feet) comprised of 120 stores, the popular dinosaur tourist stop with restaurants and hotels, and rural residential. Immediately east of the Sub-Area is the Morongo Band of Indians Casino and Hotel, which has increased tourism in the area.

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 in the table below. CPV Sentinel, LLC is the largest property owner representing 39.1% of the assessed value of the Project Area, and the top ten assesseees represent 57.1% of the Project Area's assessed value. See APPENDIX B "REPORT OF FISCAL CONSULTANT – Ten Largest Assesseees." See also, "THE PROJECT AREAS – Largest Taxpayers in the Project Areas," for a discussion of assessed value of CPV Sentinel.

Assessed Valuation

Based on assessment roll data provided by the County Assessor, the total assessed valuation in the Project Area is \$1.65 billion in fiscal year 2016-17, after deducting all exemptions. This represents an increase of \$106.9 million or 6.9% over fiscal year 2015-16 valuation, and follows a decrease of 18.7% in fiscal year 2015-16, an increase of 23.6% in fiscal year 2014-15, an increase of 80.3% in fiscal year 2013-14 and a decrease of 0.56% in fiscal year 2012-13. The gains in fiscal year 2013-14 and fiscal year 2014-15 were largely due to the opening of a new power plant; the decrease in fiscal year 2015-16 was attributable to a \$204.1 million decrease in valuation on the same power plant offset by \$65 million in valuation gains on other properties. The base year value is 38% of the total taxable value in the Project Area for fiscal year 2015-16.

The secured roll accounted for 56% of the total valuation in the Project Area in fiscal year 2016-17, with the unsecured roll comprising 5%. Non-unitary utility roll valuation accounted for 39% of Project Area valuation, with the CPV Sentinel power plant accounting for most of this value (the unitary utility roll is based on countywide assessments and is not reported by project area).

The increase in valuation on the CPV Sentinel power plant brings the plant's valuation to \$643.3 million; its original assessment in fiscal year 2013-14 was \$682.5 million. The State Board of Equalization, the office responsible for the property's assessment, has not disclosed the reason for the reduction in valuation in fiscal year 2015-16 to \$558.0.

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 Successor Agency. The Successor Agency, 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 Successor Agency undertakes no obligation to investigate matters that would enable the Successor Agency 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 SUCCESSOR AGENCY AND THE UNDERWRITER 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 SUCCESSOR AGENCY AND THE UNDERWRITER 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 Successor Agency deems reliable, but the Successor Agency 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 Successor Agency 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 Successor Agency 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.

**TABLE A-5
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
The Mid-County Project Area
Historical Assessed Values
(Fiscal Years 2012-13 through 2016-17)**

<u>Roll</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Secured	\$188,744,523	\$ 271,080,241	\$ 276,976,828	\$ 286,896,961	\$ 297,625,870
- Land	411,346,624	544,232,511	602,464,835	648,760,006	659,599,244
- Improvements	1,336,179	3,310,996	4,700,116	4,283,861	3,049,399
- Personal Property	(30,195,586)	(36,203,085)	(37,382,636)	(38,216,226)	(38,425,631)
- Exemptions	\$571,231,740	\$ 782,420,663	\$ 846,759,143	\$ 901,724,602	\$ 921,848,882
Secured Total					
Unsecured	\$ 39,136,938	\$ 0	\$ 0	\$ 0	\$ 1,238
- Land	25,709,675	40,670,529	43,262,332	47,000,917	46,420,106
- Improvements	0	26,865,327	27,607,949	33,012,314	35,082,623
- Personal Property	0	0	0	0	21,000
- Exemptions	\$ 64,846,613	\$ 67,535,856	\$ 70,870,281	\$ 80,013,231	\$ 81,524,967
Unsecured Total					
Utility	\$ 5,741	\$ 382,121	\$ 8,702,121	\$ 8,702,121	\$ 8,702,121
- Land	0	682,123,620	753,424,620	549,346,620	634,603,620
- Improvements	0	0	0	0	0
- Personal Property	0	0	0	0	0
- Exemptions	\$ 5,741	\$ 682,505,741	\$ 762,126,741	\$ 558,048,741	\$ 643,305,741
Utility Total	\$188,744,523	\$ 271,080,241	\$ 276,976,828	\$ 286,896,961	\$ 297,625,870
Totals:	\$636,084,094	\$1,532,462,260	\$1,679,756,165	\$1,539,786,574	\$1,646,679,590
Percent Change	-3.41%	140.92%	9.61%	-18.68%	6.94%
Plus: HOPTR AV	\$ 7,342,753	\$ 11,386,806	\$ 11,110,126	\$ 10,849,324	\$ 10,618,462
Less: Base AV	\$127,023,198	\$ 586,710,147	\$ 586,710,147	\$ 586,710,147	\$ 586,710,147
Incremental AV:	\$516,403,649	\$ 957,138,919	\$1,104,156,144	\$ 963,925,751	\$1,070,587,905
Incremental Revenue (1%)	\$ 5,164,036	\$ 9,571,389	\$ 11,041,561	\$ 9,639,258	\$ 10,705,879

Source: County Assessor, Urban Analytics.

Assessed Valuation Appeals

There are 21 pending appeals within the Project Area, as of November 16, 2016. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals. Two of the Project Area's top ten taxpayers have pending appeals of their assessed value. See APPENDIX B – "REPORT OF FISCAL CONSULTANT."

Property Value by Land Use

Taxable values in the Project Area are diversified with single family property values making up 26.8% of all value with other residential uses accounting for 16.5% of value in the Project Area. Industrial uses account for 4.8% of the Project Area taxable values and commercial uses account for 39.1%.

The following table illustrates the land use of property within the entire Project Area and its assessed value. The table does not include the valuation of the power plant owned by CPV Sentinel.

TABLE A-6
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Mid-County Redevelopment Project Area
Land Use Statistics
(Fiscal Year 2016-17)

<u>Land Use</u>	<u>Secured AV⁽¹⁾</u>	<u>Pct of AV</u>	<u>Number of Parcels</u>	<u>Pct of Parcels</u>	<u>Acres⁽²⁾</u>	<u>Pct of Acres</u>
Commercial	\$360,719,468	39.1%	194	2.1%	220	2.3%
Industrial	43,972,192	4.8	36	0.4	457	4.7
Single-Family Residential	246,871,131	26.8	2,404	25.9	340	3.5
Condominiums	7,190,421	0.8	95	1.0	4	0.0
Other Residential	152,012,881	16.5	2,244	24.2	3,966	40.7
Vacant	109,700,017	11.9	4,203	45.4	4,154	42.7
Other	<u>1,290,588</u>	<u>0.1</u>	<u>90</u>	<u>1.0</u>	<u>599</u>	<u>6.2</u>
Total	\$921,848,882	100.0%	9,266	100.0%	9,740	100.0%

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

⁽²⁾ Acreage is estimated using tax roll data and information provided by the Agency.

Source: County Assessor, Urban Analytics.

Desert Communities Redevelopment Project Area

General. The Desert Communities Redevelopment Project Area originally contained two separate project areas known as Project Area No. 4 and 4-1987. The Board approved the original boundaries of Project Area No. 4 on December 23, 1986 pursuant to Ordinance No. 638. Project Area No. 4-1987 was approved by the Board on December 1, 1987 pursuant to Ordinance No. 647. On July 20, 1999, the Board approved the merger of both project areas with the Airports-1988 Project Area. The Airports-1988 project area was approved by the Board on December 19, 1988, pursuant to Ordinance No. 668 and consists of six general aviation airports.

The merged project area consists of nine Sub-Areas, encompassing approximately 27,588 acres. At the same time the merger was approved, the Board approved the addition of 408 acres of land to the Thousand Palms Sub-Area, which originally included approximately 285 acres in the community of Thousand Palms. Both the amendment and merger were approved via Ordinances Nos. 794 and 795, respectively. On January 13,

2009, Amendment No. 2 to the Desert Communities Redevelopment 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 Project Area. At present, the Project Area consists of six Sub-Areas, encompassing approximately 29,668 acres.

East Blythe. The East Blythe Sub-Area is comprised of 1,500 acres. A significant portion of the Sub-Area was annexed by the City of Blythe when it extended its city limits to the Colorado River. Approximately 89% of the Project Area tax increment is currently generated in the East Blythe Sub-Area.

Desert Center. The Desert Center Sub-Area contains approximately 375 acres in two non-contiguous areas located along Ragsdale and Kaiser Roads, adjacent to the Lake Tamarisk area. The Lake Tamarisk area is made up of residential and recreational uses. The Sub-Area is comprised of irregularly shaped areas, vacant and underutilized parcels. The southern Sub-Area is a combination of developed public and utility land.

Mecca. The Mecca Sub-Area is comprised of 350 acres and is located in the eastern Coachella Valley. Recent developments include the extension of water and sewer lines to the north of Mecca along Lincoln Street. These infrastructure extensions have allowed the development of affordable single-family housing projects including the Village at Mecca (91 units) and Las Serenas (87 units), as well as the 106 space Mecca Mobile Home Park, the 31 unit Chapultepec Apartments, and the 128 unit Las Mananitas migrant farm worker housing project. The Agency also has assisted with the 10-acre Mecca Migrant Farm Labor Village located on Avenue 63, east of Lincoln Street, and has constructed a health clinic, a library and a sheriff's station. Additional acreage was added to the Mecca Sub-Area in January 2009.

North Shore. The North Shore Sub-Area is a small residential and retirement community located on the northern end of the Salton Sea and is comprised of 54 acres. Additional Acreage was added to the North Shore Sub-Area in January 2009, expanding the possibility of future development.

Palm Desert. The Palm Desert Sub-Area is located adjacent to the city of Palm Desert and is primarily commercial and residential in nature. The Sub-Area is approximately 86 acres in size. Recent street improvements, traffic signalization and commercial and retail development in the Sub-Area have attracted new housing and commercial development.

Ripley. The Ripley Sub-Area is comprised of 830 acres and is located within a small, rural community that has low household incomes and high unemployment. The residents are predominately immigrant agricultural workers. The community's infrastructure (water and sewer) is antiquated and substandard, resulting in a lack of new residential and commercial development. A spur of the BNSF Railroad runs through the northern part of the project area.

Thermal. The Thermal Sub-Area is comprised of 17,250 acres located in the eastern Coachella Valley, with approximately 1,600 acres of land located in the northeasterly portion of the Sub-Area being suitable for industrial development. The Sub-Area includes 1,800 acre Jacqueline Cochran Regional Airport (formerly Desert Resorts Regional Airport and previously Thermal Airport), a large general aviation facility. The Thermal Sub-Area is at the confluence of the spheres of influence of Coachella, La Quinta, and Indio. It is generally thought that the long-term improvement and development of the Jacqueline Cochran Regional Airport will constitute a major opportunity for the area, and that future industrial development would be enhanced by anticipated airport improvement activities. The Agency has engaged in a number of public infrastructure improvements, including streets, curbs, gutters, flood control, a community center, school facility improvements, and water system improvements.

Thousand Palms. The Thousand Palms Sub-Area was originally 285 acres in size. In July of 1999, the Board approved an amendment to allow for the addition of new territory to the Sub-Area. The total acreage of the Sub-Area is 693 acres. The Sub-Area is adjacent to Interstate 10 north of the city of Rancho Mirage. The Coachella Valley Enterprise Zone was recently extended into this area to encourage new businesses to the area through the provision of state tax credits.

100 Palms. The 100 Palms Sub-Area, was adopted in January 2009, and is located adjacent to the existing Thermal Sub-Area and Tribal lands. Land uses are represented by sporadic commercial and residential development, and vacant land.

Oasis. The Oasis Sub-Area was adopted in January 2009, and is located fairly close to the Salton Sea, and the area is also adjacent to Tribal lands, and can be characterized by sporadic commercial and residential development, as well as vacant land.

Airports. The Airports Sub-Area consists of six general aviation airports. The following is a brief description of each of the airports. All of the airports with the exception of Flabob Airport are owned by the County. It should be noted that the Jacqueline Cochran Regional Airport (formerly known as Desert Resorts Regional Airport, and previously Thermal Airport) is within the boundaries of the Thermal Sub-Area.

Blythe Airport. Blythe Airport is located in the Colorado River Valley in the easternmost part of the County. It is seven miles west of the city of Blythe along Interstate 10. The airport is owned by the County and leased to and operated by the city of Blythe.

Chiriaco Summit Airport. Chiriaco Summit Airport is located in the Coachella Valley and is immediately adjacent to Interstate 10. To the south of the airport are the Orocopia and Chocolate Mountains and the Salton Sea. To the north are the San Bernardino Mountains, Joshua Tree National Park and Eagle Mountain.

Desert Center Airport. Desert Center Airport is located north of Interstate 10 and east of State Highway 177. It is near the unincorporated communities of Desert Center and Lake Tamarisk.

Flabob Airport. Flabob Airport is located near the community of Rubidoux in the northwestern portion of the County. The airport is privately owned and operated.

French Valley Airport. French Valley Airport is located in the southwest portion of the County, adjacent to the communities of Temecula, Murrieta and Winchester. The airport is located adjacent to Highway 79 and is only minutes away from Interstates 15 and 215. The major runway was extended to enhance safety margins for aircraft utilizing the airport facility.

Hemet-Ryan Airport. Hemet-Ryan Airport is located in the San Jacinto Valley area of the County and provides convenient access to the mid-County region, including the cities of Hemet and San Jacinto and Diamond Valley Reservoir. Highways 74 and 79 provide easy access to the airport.

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. TD Desert Development is the largest property owner representing 2.2% of the assessed value of the Project Area, and the top ten assesseees represent 11.1% of the Project Area's assessed value. See APPENDIX B "REPORT OF FISCAL CONSULTANT – Ten Largest Assesseees."

Assessed Valuation

The year-over-year changes in assessed valuation shown in the table below are not representative of actual valuation trends, as the assessed valuation of sub-areas generating negative tax increment in a given year are removed from the table, as described in the footnote. Restoring the assessed valuation for the North Shore and Amendment 2 (100 Palms/Oasis/Mecca) sub-areas for FY 2014-15 and FY 2015-16 results in a same-area growth rate of \$140.8 million (5.37%) for FY 2015-16. The growth rate for the entire Project Area was 6.16% for fiscal year 2016-17. The base year value is 7.0% of the total taxable value in the Project Area for 2016-17. Table 5 sets forth Project Area assessed valuations for the past five fiscal years.

TABLE A-7
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Desert Communities Redevelopment Project Area
Historical Assessed Values
(Fiscal Years 2012-13 through 2016-17)

Roll	2012-13	2013-14	2014-15	2015-16	2016-17
Secured ⁽¹⁾					
- Land	\$ 902,853,816	\$ 903,642,309	\$ 961,518,199	\$ 1,032,449,906	\$1,084,617,571
- Improvements	1,364,109,301	1,374,565,402	1,456,064,656	1,550,464,803	1,654,340,351
- Personal Property	7,017,953	6,074,707	7,648,582	7,070,611	6,206,300
- Exemptions	(18,406,425)	(25,569,988)	(26,617,006)	(27,679,798)	(29,715,158)
Secured Total	\$2,255,574,645	\$2,258,712,430	\$2,398,614,431	\$2,562,305,522	\$2,715,449,064
Unsecured					
- Land	\$ 48,446	\$ 23,078	\$ 23,078	\$ 23,078	\$ 23,078
- Improvements	24,106,807	28,977,763	19,337,106	25,424,570	28,373,360
- Personal Property	59,701,501	46,135,424	88,209,388	49,891,186	54,450,452
- Exemptions	(773,217)	(1,590)	(3,351,513)	26,500	(33,600)
Unsecured Total	\$ 83,083,537	\$ 75,134,675	\$ 104,218,059	\$ 75,365,334	\$ 82,813,290
Utility					
- Land	\$ 79,061	\$ 79,061	\$ 79,061	\$ 79,061	\$ 79,061
- Improvements	0	0	0	0	0
- Personal Property	0	0	0	0	0
- Exemptions	0	0	0	0	0
Utility Total	\$ 79,061	\$ 79,061	\$ 79,061	\$ 79,061	\$ 79,061
Totals:	\$2,338,737,243	\$2,333,926,166	\$2,502,911,551	\$ 2,637,749,917	\$2,798,341,415
Totals, All Sub-Areas ⁽²⁾	2,450,043,631	2,445,863,680	2,622,923,917	2,763,729,358	\$2,933,900,645
Percent Change	0.01%	-0.17%	7.24%	5.37%	6.16%
Plus: HOPTR AV*	\$ 11,001,119	\$ 11,044,009	\$ 10,985,310	\$ 11,040,718	\$ 11,204,860
Less: Base AV	215,826,617	215,826,617	215,826,617	215,826,617	215,826,617
Incremental AV:	\$2,133,911,745	\$2,129,143,558	\$2,298,070,244	\$ 2,432,964,018	\$2,593,719,658
Incremental Revenue (1%)	\$ 21,339,117	\$ 21,291,436	\$ 22,980,702	\$ 24,329,640	\$ 25,937,197

⁽¹⁾ The table excludes sub-areas that did not generate tax increment in a given year which may vary year by year. Annual totals for all sub-areas are provided to allow for year-over-year comparisons with the same sub-areas.

⁽²⁾ The Homeowner's Property Tax Relief exemption, reimbursed by the state.
Source: Urban Analytics.

Assessed Valuation Appeals

There are 39 pending appeals within the Project Area, as of November 16, 2016. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals.

Three of the Project Area’s top ten taxpayers have pending appeals of their assessed value. See APPENDIX B – “REPORT OF FISCAL CONSULTANT.”

Property Value by Land Use

Taxable values in the Project Area are diversified with residential property values making up 64.5% of all value. Industrial uses account for 4.8% of the Project Area taxable values and commercial uses account for 9.9%. Together, these four land use categories account for 79.20% of all taxable value in the Project Area.

The following table illustrates the land use of property within the entire Project Area and its assessed value.

**TABLE A-8
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Desert Communities Redevelopment Project Area
Land Use Statistics
(Fiscal Year 2016-17)**

<u>Land Use</u>	<u>Secured AV⁽¹⁾</u>	<u>Pct of AV</u>	<u>Number of Parcels</u>	<u>Pct of Parcels</u>	<u>Acres⁽²⁾</u>	<u>Pct of Acres</u>
Agricultural	\$ 198,770,871	7.3%	408	4.6%	3,824	13.9%
Commercial	256,609,937	9.5	324	3.6	1,242	4.5
Industrial	124,096,022	4.6	102	1.1	132	0.5
Single-Family Residential	1,784,593,125	65.7	4,067	45.5	425	1.5
Condominiums	271,545	0.0	4	0.0	3	0.0
Other Residential	45,347,999	1.7	570	6.4	1,418	5.1
Vacant	246,834,320	9.1	3,104	34.8	3,184	11.5
Other	59,196,790	2.2	353	4.0	17,362	62.9
Total	\$2,715,449,064	100.0%	8,932	100.0%	27,590	100.0%

⁽¹⁾ Valuations include homeowner’s exemptions, which are restored by the Auditor prior to the calculation of tax increment. Shows properties on the secured roll only. Table excludes the following sub-areas that did not generate tax increment in FY2015-16: North Shore and Amendment 2 (100 Palms/Oasis/Mecca).

⁽²⁾ Acreage is estimated using tax roll data and information provided by the Agency.
Source: County Assessor, Urban Analytics.

Interstate 215 Corridor Redevelopment 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 five sub-areas: Calimesa, Highgrove, Lakeview, Mead Valley and Romoland. In November of 1998, the Board approved an amendment to the Project Area to include additional territory in the Highgrove Sub-Area. Approximately 843 acres were added immediately adjacent to the existing project area. Project Area No. 5-1987 consisted of one sub-area 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 additional 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 were 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 in the 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 I-215. 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 Project Area. The total acreage for the Project Area is 15,830 acres.

Calimesa. The Calimesa Sub-Area is comprised of 170 acres located along Interstate 10 between Sandalwood drive and County Line Road. The Sub-Area primarily consists of commercial and light industrial uses. A number of residences can be found along the east and northeast parts of the area. This Sub-Area was transferred to the City of Calimesa in 1999.

Highgrove. The original Sub-Area contained 275 acres. On November 24, 1998, the Board approved an amendment to the Project Area to add approximately 843 acres to the Highgrove Sub-Area for a total of 1,118 acres. The area is characterized by older residential, neighborhood commercial and industrial development. Commercial development is primarily service-oriented serving the local community as well as the nearby cities of Riverside and Grand Terrace. Industrial development in the area began as a conglomeration of citrus packing facilities serving the citrus farms located at the east end of the community. Today many of these facilities have been converted into a variety of light manufacturing plants since the citrus industry has declined in the region. The Highgrove Sub-Area also includes Hunter park, one of the most prosperous industrial areas in Riverside County which is home to University of California, Riverside Technical Research Park.

Lakeview. The community of Lakeview is bisected by the Ramona Expressway and lies east of the City of Perris, west of the cities of Hemet and San Jacinto, and east of Lake Perris State Recreation Area. The Sub-Area includes about 100 acres characterized by older commercial and industrial uses. The community is nestled in a generally flat rural setting and ringed by the Lakeview Mountains to the southeast and the Bernasconi Hills to the northwest. Recreational opportunities include bicycling, hiking and equestrian trails, picnicking, camping, boating, fishing and swimming. Lakeview's rural and agricultural atmosphere, mild climate, and proximity to recreational opportunities are ideal for future large-lot residential development.

Mead Valley. The Sub-Area includes 6,563 acres along Interstate 215 between the cities of Riverside and Perris. The Sub-Area is bisected by Cajalco Road which is the major east-west arterial roadway through the community. The Sub-Area includes two large industrial specific plans and a community facilities district has funded all of the necessary infrastructure. The specific plans offer fully improved, ready to build lots from 1 to 40 acres. The Sub-Area primarily consists of large-lot residential development and industrial and commercial properties.

Romoland. The Romoland Sub-Area contains 1,939 acres located east of the City of Perris. As mentioned above, approximately 1,392 acres were added to the existing Project Area of 547 acres. The community offers prime freeway frontage with access and visibility from both Highway 74 and Interstate 215, and provides a good location for commercial and industrial uses. Romoland is characterized by older commercial and lower-income housing in the core of the community. Southern California Edison and Eastern Municipal Water District have regional facilities in the area. Romoland's rural atmosphere, mild climate, and proximity to recreational opportunities are fitting for in-fill and large-lot development. Portions of the sub-area are within the boundaries of the newly incorporated City of Menifee.

Lakeview/Nuevo. In 2006, the Agency amended the area and added 2,820 acres of land in the communities of Lakeview and Nuevo. The amendment area is primarily developed with single family residential homes and a small commercial area in the Nuevo area. There are opportunities for infill residential development throughout the area and there is a need for additional commercial development to serve the community.

Sun City/Quail Valley. The amendment area is composed of two sub-areas consisting of 3,289 acres in two non-contiguous areas in the Sun City and Quail Valley areas. The Quail Valley area consists of 2,039 acres and is located west of Interstate 215 and lies along Goetz Road between McCall Boulevard and Newport Road. It is primarily residential in nature with some small commercial uses. The Sun City Sub-Area consists of 1,250 acres and lies both east and west of Interstate 215 from Ethanac Road to just south of McCall Boulevard. The

area is characterized by a large commercial area in the core of Sun City, commercial areas along Interstate 215 and both residential and industrial uses in the surrounding areas. Portions of the sub-area are located within the boundaries of the newly incorporated City of Menifee.

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 in the table below. Inland Empire Energy Center is the largest property owner representing 7.63% of the assessed value of the Project Area, and the top ten assesseees represent 19.29% of the Project Area's assessed value. See APPENDIX B "REPORT OF FISCAL CONSULTANT – Ten Largest Assesseees."

Assessed Valuation

The year-over-year changes in assessed valuation shown in the table below are not representative of actual valuation trends, as the assessed valuation of sub-areas generating negative tax increment in a given year are removed from the table, as described in the footnote. Project Area growth for fiscal year 2016-17 was 5.18% higher than the previous fiscal year. Restoring the assessed valuation for the Highway 74 Communities sub-area for fiscal year 2014-15 results in a same-area growth rate of \$111.2 million (3.6%) for fiscal year 2015-16 (the sub-area generated positive tax increment in fiscal year 2015-16). The base year value is 45% of the total taxable value in the Interstate 215 Corridor Redevelopment Project Area for 2016-17. Table A-9 sets forth Interstate 215 Corridor Redevelopment Project Area assessed valuation for the past five fiscal years.

TABLE A-9
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Historical Assessed Values
(Fiscal Years 2012-13 through 2016-17)

<u>Roll</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Secured ⁽¹⁾					
- Land	\$ 580,178,499	\$ 774,814,173	\$ 904,226,875	\$1,137,958,789	\$1,199,065,327
- Improvements	765,833,769	979,803,613	1,354,707,082	1,647,072,818	1,741,917,807
- Personal Property	2,971,345	4,506,838	4,691,844	6,071,370	8,177,972
- Exemptions	(37,672,315)	(68,153,868)	(78,814,943)	(100,297,897)	(100,942,740)
Secured Total	\$1,311,311,298	\$1,690,970,756	\$2,184,810,858	\$2,690,805,080	\$2,848,218,366
Unsecured					
- Land	\$ 584,197	\$ 0	\$ 0	\$ 0	\$ 0
- Improvements	93,613,948	99,679,615	97,111,397	86,699,380	99,412,310
- Personal Property	107,011,604	93,885,519	96,410,749	90,199,190	125,076,743
- Exemptions	(350,000)	0	(47,800)	(44,047)	(112,944)
Unsecured Total	\$ 200,859,749	\$ 193,565,134	\$ 193,474,346	\$ 176,854,523	\$ 224,376,109
Utility					
- Land	\$ 13,520,858	\$ 13,520,858	\$ 13,520,858	\$ 13,614,728	\$ 13,614,728
- Improvements	564,599,000	427,299,000	333,699,000	282,099,000	240,899,000
- Personal Property	0	0	0	0	0
- Exemptions	0	0	0	0	0
Utility Total	\$ 578,119,858	\$ 440,819,858	\$ 347,219,858	\$ 295,713,728	\$ 254,513,728
Totals:	\$2,090,290,905	\$2,325,355,748	\$2,725,505,062	\$3,163,373,331	\$3,327,108,203
Totals, All Sub-Areas*	2,973,790,246	2,898,366,618	3,052,138,403	3,163,373,331	3,327,108,203
Percent Change	-6.31%	-2.54%	5.31%	3.64%	5.18%
Plus: HOPTR AV	\$ 15,311,591	\$ 18,954,430	\$ 25,219,689	\$ 31,187,144	\$ 30,683,703
Less: Base AV	426,006,823	773,125,603	1,067,164,071	1,408,197,360	1,408,197,360
Incremental AV:	\$1,679,595,673	\$1,571,184,575	\$1,683,560,680	\$1,786,363,115	\$1,949,594,546
Incremental Revenue (1%)	\$ 16,795,957	\$ 15,711,846	\$ 16,835,607	\$ 17,863,631	\$ 19,495,945

⁽¹⁾ The table excludes sub-areas that did not generate tax increment in a given year. These excluded areas may vary by year. FY2015-16 figures exclude the following sub-area that did not generate tax increment in that year: Highway 74 Communities.

Source: County Assessor, Urban Analytics.

Assessed Valuation Appeals

There are 51 pending appeals within the Project Area, as of November 16, 2016. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals. Four of the Project Area's top ten taxpayers have pending appeals of their assessed value. See APPENDIX B – "REPORT OF FISCAL CONSULTANT."

Property Value by Land Use

Taxable values in the Interstate 215 Corridor Redevelopment Project Area are diversified with residential property values making up 55.30% of all value. Industrial uses account for 23.4% of the Interstate 215 Corridor Redevelopment Project Area taxable values and commercial uses account for 7.0%. Together, these four land use categories account for 85.4% of all taxable value in the Interstate 215 Corridor Redevelopment Project Area.

The following table illustrates the land use of property within the entire Interstate 215 Corridor Redevelopment Project Area and its assessed value. The table below represents assessed values on the secured roll only and does not include valuation of unitary property, including the property owned by Inland Empire Energy Center, LLC.

The following table illustrates the land use of property within the entire Project Area and its assessed value.

TABLE A-10
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Land Use Statistics
(Fiscal Year 2016-17)

<u>Land Use</u>	<u>Secured AV⁽¹⁾</u>	<u>Pct of AV</u>	<u>Number of Parcels</u>	<u>Pct of Parcels</u>	<u>Acres⁽²⁾</u>	<u>Pct of Acres</u>
Agricultural	\$ 7,690,190	0.3%	22	0.1%	371	1.7%
Commercial	198,235,998	7.0	306	1.7	562	2.6
Industrial	667,052,741	23.4	201	1.1	935	4.3
Single-Family Residential	980,071,940	34.4	6,005	34.0	4,651	21.4
Condominiums	9,683,942	0.3	134	0.8	11	0.1
Other Residential	586,448,162	20.6	5,461	30.9	6,357	29.3
Vacant	395,902,353	13.9	5,460	30.9	8,452	39.0
Other	3,133,040	0.1	87	0.5	358	1.7
Total	\$2,848,218,366	100.0%	17,676	100.0%	21,695	100.0%

⁽¹⁾ Shows properties on the secured roll only. Valuations include homeowner's exemptions, which are restored by the Auditor prior to the calculation of tax increment.

⁽²⁾ Acreage is estimated using tax roll data and information provided by the Agency.

Source: County Assessor, Urban Analytics.

APPENDIX B
REPORT OF FISCAL CONSULTANT

APPENDIX C

**SUCCESSOR AGENCY
AUDITED FINANCIAL STATEMENTS FOR
FISCAL YEAR ENDED JUNE 30, 2016**

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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 Successor Agency believes to be reliable, but the Successor Agency does not take responsibility for the completeness or accuracy thereof. The Successor Agency 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 Successor Agency 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 Successor Agency 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 Successor Agency, 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 Successor Agency 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 Successor Agency 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 SUCCESSOR AGENCY 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.