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

ITEM
4.2
(ID # 3820)

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, District 3, 5 [$250,000] (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Successor Agency Resolution No. 2017-008 confirming the issuance of refunding tax allocation bonds to refinance the 2010 Mid-County Series C 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.

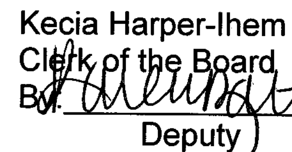
ACTION: (Policy)

Alex Gann 3/14/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Jeffries 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 4-3, Successor Agency Resolution No. 2017-007, 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, represent 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.

2017 Series C Refinancing Summary

Issue	Mid-County Project Area
Size	$8,515,000
PV Savings	$398,412

PV Savings As %	6.8%
Avg. Savings	$22,732
Total Savings	$545,558

As of March 8, 2017.

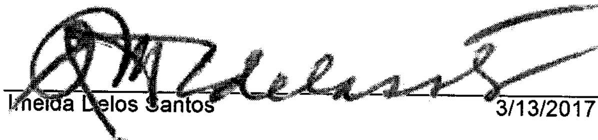
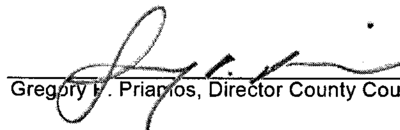
These refunding bonds will be issued in May 2017, based upon the current schedule.

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. 2017-008
Attachment A: Preliminary Official Statements

Imelda Delos Santos 3/13/2017 Gregory P. Priamos, Director County Counsel 3/13/2017

RESOLUTION NO. 2017-008

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 Redevelopment Mid-County Redevelopment Project Area 2010 Tax Allocation Bonds, Series C (the "Prior Bonds") in the initial aggregate principal amount of $5,645,000 for the purpose of financing redevelopment activities;

FORM APPROVED COUNTY COUNSEL
BY: [signature] 3/9/17
DALE A. GARDNER 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 2017-007 (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 Mid-County
12 Redevelopment Project Area 2017 Tax Allocation Refunding Bonds,
13 Series C in the aggregate principal amount of not to exceed
14 $7,000,000 (the "Refunding Bonds"), in order to refund, in whole
15 or in part, the Prior Bonds, subject to the Savings Parameters
16 being met;
17
18 **WHEREAS**, the Oversight Board for the Successor Agency, by
19 Resolution OB No. 2017-002 (the "OB Resolution"), adopted
20 January 19, 2017, approved the issuance of the Refunding Bonds,
21 and the OB Resolution, together with additional materials, has
22 been submitted to the California Department of Finance for its
23 approval of the OB Resolution and the issuance of the Refunding
24 Bonds;
25

WHEREAS, the Successor Agency, with the assistance of its disclosure counsel, Best Best & Krieger LLP, has prepared a draft of an Official Statement for the Refunding Bonds (the "Official Statement"), which contains information regarding the Refunding Bonds, the Former Agency, the Successor Agency, and the Former Agency's Mid-County Redevelopment Project Area, the preliminary form of which is on file with the Secretary of the Successor Agency;

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

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

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

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

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

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

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

5. Effective Date. This Resolution shall take effect from and after the date of approval and adoption thereof.

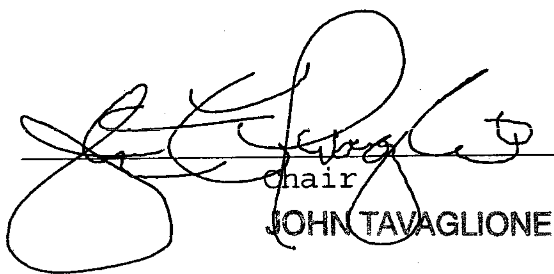
The foregoing resolution was passed and adopted by the Successor Agency to the Redevelopment Agency for the County of Riverside at a regular meeting held on the 21st day of March, 2017, by the following vote:

AYES: Jeffries, Tavaglione and Washington

NOES: None

ABSENT: Ashley

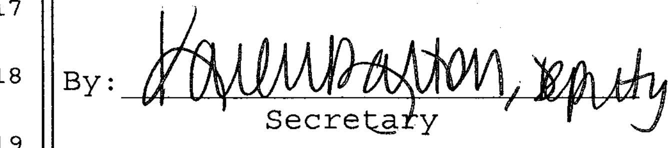
ABSTAIN: None



Chair
JOHN TAVAGLIONE

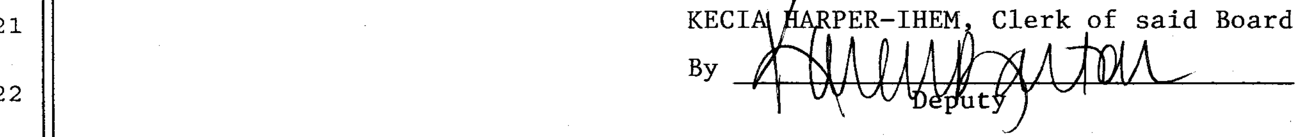
(S E A L) KECIA HARPER-IHEM

Attest:

By: 
Secretary

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

KECIA HARPER-IHEM, Clerk of said Board

By 
Deputy

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

PRELIMINARY OFFICIAL STATEMENT DATED ____________, 2017

NEW ISSUE **RATINGS: Insured Rating: S&P: "___"**
BOOK-ENTRY ONLY **Underlying Rating: S&P: "___"**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the 2017 Series C 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; although 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. In the further opinion of Bond Counsel, interest on the 2017 Series C Bonds is exempt from California personal income taxes. See "OTHER INFORMATION – Tax Matters" herein.

$__________**

Successor Agency to the Redevelopment Agency for the County of Riverside Mid-County Redevelopment Project Area 2017 Tax Allocation Refunding Bonds, Series C

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") Mid-County Redevelopment Project Area of the Agency (the "Project Area"), 2017 Tax Allocation Refunding Bonds, Series C (the "2017 Series C Bonds" or "Bonds") will be secured under an Indenture of Trust (the "Indenture"), dated as of May 1, 2017, 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 primarily by a pledge of, security interest in and lien on Tax Revenues (as defined in the Indenture and described herein) allocated as described herein and payable on a parity with certain other obligations 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 a municipal bond 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 Tax Revenues, certain other amounts on deposit in the Successor Agency's Redevelopment Property Tax Trust Fund, and moneys held under the Indenture. Neither the County of Riverside (the "County") nor the State of California shall be obligated to pay the principal of the Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the Agency, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation therefor. 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 Underwriter 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.

$__________*

Successor Agency to the
Redevelopment Agency for the County of Riverside
Mid-County Redevelopment Project Area
2017 Tax Allocation Refunding Bonds, Series C

MATURITY SCHEDULE

$__________
Serial Bonds
(Base CUSIP†: _______)

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

$________* _____% Term Bond Due October 1, _____, Yield _____%, Price: _____, CUSIP: ____

---

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by S&P Capital IQ. Copyright© 2017 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. The Successor Agency to the Redevelopment Agency for the County of Riverside and the Underwriter 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 entireties by reference to each such statute and document. This Official Statement, including any amendment or supplement hereto, is intended to be deposited with one or more depositories. This Official Statement does not constitute a contract between any Owner of a Bond and the Successor Agency.

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

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

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

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.

THIS PAGE INTENTIONALLY LEFT BLANK

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

Municipal 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

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

INTRODUCTION 1
- General 1
- Purpose 1
- Authority for Issuance of the Bonds 1
- The County and the Successor Agency 2
- The Project Area 2
- Terms of the Bonds 3
- Security for the Bonds 3
- Municipal Bond Insurance 4
- Professionals Involved in the Offering 4
- Continuing Disclosure 4
- Reference to Underlying Documents 5

PLAN OF FINANCE 6
ESTIMATED SOURCES AND USES OF FUNDS 6
ANNUAL DEBT SERVICE REQUIREMENTS OF THE BONDS 7
THE BONDS 8
- General 8
- Redemption of the Bonds 8
- Notice of Redemption; Rescission 9
- Partial Redemption of Bonds 9
- Effect of Redemption 9

SECURITY FOR THE BONDS 10
- Special Obligations 10
- Tax Increment Financing Generally 10
- Pledge of Tax Revenues 11
- Low and Moderate Income Housing Set-Aside 13
- Assembly Bill 1290 13
- Redevelopment Property Tax Trust Fund 13
- Allocation of Taxes Subsequent to the Dissolution Act 14
- Recognized Obligation Payment Schedule 14
- Funds and Accounts Established Under Indenture 17
- Additional Bonds 21
- Events of Default 21

BOND INSURANCE POLICY 23
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE 24
- The Agency 24
- Oversight Board 24
- Department of Finance Finding of Completion 25
- State Controller Asset Transfer Review 25

MID-COUNTY REDEVELOPMENT PROJECT AREA 26
- General 26
- Redevelopment Plan Limitations 27
- Largest Taxpayers in the Project Area 28
- Pass-Through Agreements 29
- Statutory Tax Sharing Payments 29
- Successor Agency Indebtedness 30
- Assessed Valuation 30
- Volatility Ratio 32
- Property Taxes and Inflation Rates 32
- Supplemental Assessment Revenues 33
- Proposition 8 Assessment Reductions And Restorations 33
- Assessed Valuation Appeals 33
- Property Value by Land Use 36
- Property Taxes; Teeter Plan 36
- Financial Statements 36
- Allocation of Former Low and Moderate Income Housing Set-Aside 37
- Other Project Areas 37

ESTIMATED REVENUES AND BOND RETIREMENT 39
BOND OWNERS' RISKS 42
- Limited Special Obligations 42
- Recognized Obligation Payment Schedule 42
- Challenges to Dissolution Act 43
- Reduction in Taxable Value 44
- Risks of Real Estate Secured Investments Generally 45
- Reduction in Inflationary Rate and Changes in Legislation 45
- Change in Law 45
- Bankruptcy of Landowners 45
- Concentration of Property Ownership 45
- Seismic Considerations and Natural Calamities 46
- Levy and Collection of Taxes 46
- Estimated Revenues 46
- Hazardous Substances 47
- Direct and Overlapping Indebtedness 47
- Future Legislation and Initiatives 47
- Assessment Appeals 47
- Economic Risks 47
- Acceleration on Default 48
- Investment Risk 48
- Bond Insurance Risk Factors 48
- Secondary Market 49
- Bankruptcy 49
- Federal Tax-Exempt Status of the Bonds 49
- IRS Audit of Tax-Exempt Issues 49

LIMITATIONS ON TAX REVENUES 50
- Property Tax Limitations - Article XIIIA 50
- Implementing Legislation 51
- Unitary Property 51
- Property Taxes; Teeter Plan 52
- Proposition 87 52
- Tax Collection Fees 52
- Future Initiatives 53

CONTINUING DISCLOSURE 53
OTHER INFORMATION 54
- Litigation 54
- Tax Matters 54
- Verification of Mathematical Computations 55
- Legal Opinion 55
- Ratings 55
- Municipal Advisor 56
- Financial Interests 56
- Underwriting 56
- Miscellaneous 56

APPENDIX A - Report of Fiscal Consultant A-1
APPENDIX B - Information Regarding the County of Riverside B-1
APPENDIX C - Successor Agency Audited Financial Statements For Fiscal Year Ended June 30, 2016 ..... C-1
APPENDIX D - Summary of Certain Provisions of the Indenture D-1
APPENDIX E - DTC and the Book-Entry System E-1
APPENDIX F - Form of Opinion of Bond Counsel F-1
APPENDIX G - Form of Continuing Disclosure Certificate G-1
APPENDIX H - State Department of Finance Determination Letter Approving the Bonds H-1
APPENDIX I – Specimen Municipal Bond Insurance Policy I-1

PROJECT AREA MAP

$__________[*]

Successor Agency to the
Redevelopment Agency for the County of Riverside
Mid-County Redevelopment Project Area
2017 Tax Allocation Refunding Bonds, Series C

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 Mid-County Redevelopment Project Area 2017 Tax Allocation Refunding Bonds, Series C in the aggregate principal amount of $__________[*] (the "2017 Series C Bonds" or the "Bonds").

Purpose

The Bonds are being issued (i) to refinance certain outstanding obligations of the Agency issued for the benefit of the Mid-County Redevelopment Project Area (the "Project Area") established by the Redevelopment Agency for the County of Riverside (the "Former Agency"), (ii) to satisfy the Reserve Requirement of the reserve account for the Bonds with cash 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, consisting of 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 ("AB1484") and as further amended on September 22, 2015 by Senate Bill 107 ("SB 107") (as so amended, the "Dissolution Act") and Article 11 (commencing with Section 53588) of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California (the "Refunding Law").

The Successor Agency will issue its Bonds pursuant to an Indenture of Trust dated as of [May 1, 2017] (the "Indenture"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), the proceeds of which will be used to refund all or portion of certain bonds and indebtedness of the Successor Agency as more fully described herein.

The Bonds will be payable from, and secured by, property tax revenues (formerly tax increment revenues) related to the Project Area, which will include moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund, as defined herein, excluding amounts payable as pass-through obligations, described herein, as provided in the California Health and Safety Code as more fully described herein. Collectively, such tax increment revenues subject to a pledge under the Indenture are referred to herein as "Tax Revenues." The lien on Tax Revenues is on a parity with the Agency's outstanding 2010 Bonds, which will be refunded by this issue, 2015 Bonds, and 2016 Bonds as defined herein. See "SECURITY FOR THE

[*] Preliminary, subject to change.

BONDS." The Bonds are also secured by certain other amounts on deposit in the Redevelopment Property Tax Trust Fund, as described herein under "SECURITY FOR THE BONDS – Funds and Accounts Established Under the Indenture."

The issuance of the 2017 Series C Bonds was subject to review and approval under the Dissolution Act, of the Successor Agency's 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 2016 Series C Bonds by the Successor Agency by resolution adopted on January 28, 2016 (the "Oversight Board Resolution"). The State Department of Finance released its letter approving the Oversight Board Resolution approving the issuance of the Bonds on _________, 2017. See APPENDIX H – "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 B – "INFORMATION REGARDING THE COUNTY OF RIVERSIDE."

The Successor Agency. As described below, the Successor Agency has succeeded to certain rights of the Former Agency. The Former Agency was organized by the County Board of Supervisors in 1985, to exercise the powers granted by the Redevelopment Law.

Pursuant to 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 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 originally included area in the communities of Garnet, Valle Vista, West Garnet, Homeland and Winchester; Project Area 3-1987 included portions of the community of North Hemet; and Project Area 3-1989 included area within the community of Cabazon. The Board approved the original boundaries of the Project Area No. 3 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 amendment and merger were approved in May 1999, via Ordinances Nos. 785 and 786, respectively. On January 13, 2009, Amendment No. 2 to the MCPA 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 9,740 acres. See “MID-COUNTY REDEVELOPMENT 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 TAX REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE COUNTY AUDITOR-CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND EQUAL TO SUCH TAX REVENUES. The Dissolution Act authorizes the issuance of bonds by a successor agency to 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 – Pledge of Tax Revenues.”

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 Area thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues and certain other amounts pledged under the Indenture, and the Agency is not obligated to pay the Bonds except from such 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.

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 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 issued by the Former Agency that are payable on a parity basis with the Bonds. The Former Agency issued its $5,645,000 original principal amount of Mid-County Redevelopment Project 2010 Tax Allocation Bonds, Series C (the "2010 Bonds"), currently outstanding in the aggregate principal amount of $5,350,000, which will be refinanced by this issue. The Successor Agency issued its $15,025,000 original principal amount of Mid-County Redevelopment Project 2015 Tax Allocation Refunding Bonds, Series C, currently outstanding in the amount of $14,030,000 (the "2015 Bonds"), and its $8,950,000 original principal amount of Mid-County Redevelopment Project 2016 Tax Allocation Refunding Bonds, Series C (the "2016 Bonds"). The 2010 Bonds, the 2015 Bonds, the 2016 Bonds and any bonds issued to refund such bonds pursuant to the Indenture are referred herein collectively as the "Parity Bonds." All of the Parity Bonds are payable from Tax Revenues on a parity with the Bonds.

Reserve Account. In order to further secure the payment of the principal of and interest on the Bonds and Parity Bonds, a Reserve Account in the Special Fund is established under the Indenture in an amount equal to the Reserve Requirement, as defined in the Indenture (the "Reserve Requirement"). The reserve accounts relating to the 2015 Bonds and 2016 Bonds are not available to pay debt service on the Bonds.

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 Municipal 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 A – "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 Citigroup Global Markets Inc. on behalf of itself and Raymond James & Associates Inc. (collectively, the "Underwriter"). 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 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 Mid-County Redevelopment Project Area and other related information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of and references to all documents, statutes, reports and other instruments referred to herein is qualified in its entirety by reference to such document, statute, report or instrument, copies of which are all available for inspection at the offices of the Agency. Certain capitalized terms used and not defined herein shall have the meaning given to those terms in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

PLAN OF FINANCE

The Bonds are being issued (i) to refinance a portion of the 2010 Bonds as more fully described below, (ii) to satisfy the Reserve Requirement, and (iii) to pay costs of issuance of the Bonds, including the cost of the Policy premium for the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Former Agency previously issued its $5,645,000 original principal amount of Mid-County Redevelopment Project Area 2010 Tax Allocation Bonds, Series C (the "2010 Bonds" currently outstanding in the aggregate principal amount of $5,350,000). The 2010 Bonds were issued pursuant to an Indenture of Trust, dated as of July 1, 2010 (the "2010 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 2010 Bonds, under certain Irrevocable Refunding Instructions dated as of _________, 2017 (the "2010 Refunding Instructions") delivered by the Successor Agency to the Bank of New York Mellon Trust Company, N.A., as successor trustee of the 2010 Bonds. As of ____________, 2017, $__________ in aggregate principal amount of 2010 Bonds will be redeemed on October 1, 2017. The amount deposited in the redemption fund for the 2010 Bonds, together with other available moneys, are anticipated to be held uninvested, or invested in certain federal securities and irrevocably pledged for the payment of the related 2010 Bonds on their date of redemption.

The sufficiency of the deposits in the redemption fund for the 2010 Bonds for those purposes will be verified by Causey, Demgen & Moore PC (the "Verification Agent"), See "OTHER INFORMATION - Verification of Mathematical Computations." 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 Prior Bonds, the Successor Agency's obligations under the 2010 Indenture related to the 2010 Bonds will be discharged.

The amounts held and invested by the Trustee for the respective Prior Bonds in the redemption fund are pledged solely to the payment of amounts due and payable by the Agency under the 2010 Indenture. Neither the funds deposited in the redemption funds for the 2010 Bonds or the interest on the invested funds will be available for the payment of debt service on the Bonds.

See "ESTIMATED SOURCES AND USES OF FUNDS" below.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:	
Par Amount of Bonds	$__
Net Original Issue Premium	__
TOTAL SOURCES:	$__
Uses:	
Costs of Issuance[1]	$__
Debt Service Reserve Fund	__
Deposit to 2010 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, 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 (October 1)	Principal	Interest	Grand Total

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 before October 1, ____, are not subject to optional redemption prior to maturity. The Bonds maturing on or after October 1, ____ may be called before maturity and redeemed at the option of the Successor Agency, in whole or in part, from any source of funds, on any date on or after October 1, ____, among maturities at the discretion of the Successor Agency and by lot within a maturity. Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of Bonds to be redeemed plus accrued interest to the redemption date, without premium.

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

Bonds Maturing October 1, ____

Redemption Date (October 1)	Amount

In the event that the Term Bonds have been optionally redeemed in part, the total amount of all future sinking account payments set forth for the above Term Bonds will be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among each sinking account payment for the Term Bonds on a pro rata basis in integral multiples of $5,000 as determined by the Successor Agency. In lieu of redemption of Term Bonds as described above, amounts on deposit in the Special Fund (to the extent not required to be transferred by the Trustee pursuant to the Indenture during the current Bond Year as described below) may also be used and withdrawn at the direction of the Successor Agency at any time for the purchase of such Term

Bonds at public or private sale as and when and at such prices as the Successor Agency may in its discretion determine. The par amount of any Term Bonds so purchased by the Agency and tendered to the Trustee in any twelve month period ending on August 1 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed pursuant to the Indenture on the next succeeding October 1.

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, postage prepaid, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Request of the Successor Agency delivered to the Trustee (by any means acceptable to such depositories and services in substitution of first class mail); *provided, however*, that such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall, if applicable, designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or shall state that all of the Bonds Outstanding of one or more maturities are to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on the Bonds to be redeemed will not accrue from and after the date fixed for redemption.

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.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption of Bonds

In the event only a portion of any Bond is called for redemption, then upon surrender thereof the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Bond or Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds to be redeemed.

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 deposited with the Trustee, 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 accrued interest to the redemption date, 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 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 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 the 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.

Pledge of Tax Revenues

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

"Tax Revenues" means all taxes annually allocated and paid to the Successor Agency with respect to the Project Area following the Closing Date, 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 and other applicable State laws and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations (but excluding payments to the Successor Agency with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the California Government Code); and including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the Bonds and any Parity Debt (including applicable reserves and financing costs) used to finance or refinance the increasing or improving of the supply of low and moderate income housing within or of benefit to the Project Area, but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and excluding investment earnings. Pursuant to the Dissolution Act, a portion of such taxes are no longer required to be deposited into the Low and Moderate Income Housing Fund pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Redevelopment Law (the "Prior Housing Deposit"), and, accordingly, such taxes shall exclude only the amount of the Prior Housing Deposit required to pay the Pro Rata Share of Housing Debt Service. Tax Revenues shall not include amounts payable by the Successor Agency under agreements entered into pursuant to Section 33401 of the Redevelopment Law, and amounts payable by the Successor Agency pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law (except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds, including any Parity Debt).

"Pro Rata Share of Housing Debt Service" means an amount equal to the percentage of debt service on Housing Bonds in the then current Bond Year, calculated by dividing the gross amount of taxes collected by the County for the Successor Agency pursuant to Section 34183 of the Dissolution Act and the Redevelopment Plan with respect to the Project Area in the last completed Fiscal Year by the sum of (i) the gross amount of taxes collected by the County for the Successor Agency pursuant to Section 34183 of the Dissolution Act and the Redevelopment Plan with respect to the Project Area in the last completed Fiscal Year, plus (ii) the gross amount of taxes collected by the County for the Successor Agency pursuant to Section 34183 of the Dissolution Act and the redevelopment plans for all of the other project areas of the Former Agency, which project areas include Project Area No. 1, the Mid-County Redevelopment Project Area, the Jurupa Valley Redevelopment Project Area, the Desert Communities Redevelopment Project Area, and the Interstate 215 Corridor Redevelopment Project Area, in the last completed Fiscal Year. For the purpose of this calculation, the gross amount of taxes collected refers to taxes deposited by the County into the Redevelopment Property Tax Trust Fund prior to deducting pass through payment obligations or administrative fees charged by the County or the State of California.

"Housing Bonds" means, collectively, the following: (i) the Former Agency's Redevelopment Agency for the County of Riverside 2004 Taxable Tax Allocation Housing Bonds, Series A-T, (ii) the Former Agency's 2010 Tax Allocation Housing Bonds, Series A, (iii) the Former Agency's 2010 Taxable Tax Allocation Housing Bonds, Series A-T, (iv) the Former Agency's 2011 Tax Allocation Housing Bonds, Series A, and (v) the Former Agency's 2011 Taxable Tax Allocation Housing Bonds, Series A-T, (vi) the Successor Agency's 2014 Tax Allocation Housing Refunding Bonds, Series A, (vii) the Successor Agency's 2015 Tax Allocation Housing Refunding Bonds, Series A and (viii) any bonds issued to refund such bonds similarly secured by amounts which prior to the adoption of the Dissolution Act were required to be deposited into the Low and Moderate Income Housing Fund of the Former Agency pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Law.

The Bonds and all Parity Debt, shall be secured by a pledge of, security interest in and lien on all of the Tax Revenues and all of the moneys on deposit in the Special Fund, as more fully described below under the caption "*Funds and Accounts Established Under Indenture - Special Fund; Deposit of Tax Revenues*." In addition, the Bonds and all Parity Debt, shall, subject to certain provisions of the Indenture, be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Redemption Account and the Reserve Account. Such pledge, security interest in and lien shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery.

The Bonds shall be also equally secured by the pledge and lien created with respect to the bonds of other project areas by Section 34177.5(g) of the California Health and Safety Code on moneys deposited or available for deposit from time to time in the Redevelopment Property Tax Trust Fund, provided, however, that such pledge and lien shall only be with respect to the amounts on deposit in the Redevelopment Property Tax Trust Fund after amounts on deposit therein have been set aside and reserved, in the manner required in the applicable indentures or other relevant documents, to pay (i) debt service on the other bonds of the Former Agency and the Successor Agency, including bonds issued for the benefit of other project areas of the Former Agency and bonds secured by the amounts required, prior to the Dissolution Act, to be deposited in the former low and moderate income housing fund of the Former Agency and (ii) amounts due pursuant to tax sharing agreements, owner participation agreements, development agreements and other similar agreements that are senior to the payment of the debt service on the Bonds and the bonds described in (i) above. For the avoidance of doubt, the 2017 Series C Bonds are secured by the pledge and lien created with respect to the 2017 Series C Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited or available for deposit 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. Except for the Tax Revenues and such moneys, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds. See "MID-COUNTY REDEVELOPMENT PROJECT AREA – Other Project Areas," herein.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

Tax Sharing Agreements and Statutory Tax Sharing. The Agency has entered into tax-sharing agreements with taxing entities and school districts with respect to the portions of the Project Area that were adopted prior to 1994 (the "Pass Through Agreements"). See "APPENDIX A – REPORT OF FISCAL CONSULTANT – Fiscal Agreements" and "MID-COUNTY REDEVELOPMENT PROJECT AREA – Pass-Through Agreements." In addition, certain sub-areas of the Project Areas are subject to the tax sharing provisions of AB 1290. Under Section 33607.5 and Section 33607.7 of the Law (added by AB 1290), any territory added to a project area after 1994 is required to share in tax increment revenues generated by such territory or changing the limitation on the date by which an agency could incur indebtedness pursuant to a statutory formula ("Statutory Tax Sharing"). Under Section 34177.5(c) of the Dissolution Act, the Agency may subordinate the statutory pass-through payments to the repayment of indebtedness. The Agency subordinated the statutory pass-through payments to the repayment of Bonds. See APPENDIX A – "REPORT OF FISCAL CONSULTANT – Fiscal Agreements" for a description of the Agency's obligation to make statutory tax sharing payments and "MID-COUNTY REDEVELOPMENT PROJECT AREA – Statutory Tax Sharing Payments."

Low and Moderate Income Housing Set-Aside

Prior to the Dissolution Act, the Redevelopment Law required generally that redevelopment agencies set aside in a low and moderate income housing fund (the "Low and Moderate Income Housing Fund") not less than 20% of all tax revenues allocated to agencies from redevelopment project areas adopted after December 31, 1976, for authorized housing purposes. Prior to the passage of the Dissolution Act, the Former Agency issued several series of bonds (the "Housing Bonds") secured by the Low and Moderate Income Housing Fund. This 20% set-aside requirement was eliminated by the Dissolution Act; however, the Housing Bonds have a prior lien on such amounts required to pay debt service on the Housing Bonds. **[**The Agency had, as of October 2, 2015, $158,483,028 million in total principal outstanding secured by the Low and Moderate Income Housing Fund.**]** For purposes of the Tax Revenue projection, the Housing Bonds' debt service has been allocated proportionately to each of the Successor Agency's project areas based on the proportionate share of each project area's tax increment. See, "MID-COUNTY REDEVELOPMENT PROJECT AREA – Allocation of Former Low and Moderate Income Housing Set-Aside." Excess amounts that would otherwise have remained in the Low and Moderate Income Housing Fund are available as Tax Revenues.

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 "MID-COUNTY REDEVELOPMENT PROJECT AREA" for a discussion of the time limitations.

AB 1290 also established a statutory formula for sharing tax increment for project areas established, or amended in certain respects, on or after January 1, 1994, which applies to tax increment revenues net of the housing set-aside. The first 25% of net tax increment generated by the increase in assessed value after the establishment of the project area or the effective date of the amendment is required to be paid to affected taxing entities. In addition, beginning in the 11th year of collecting tax increment, an additional 21% of the increment generated by increases in assessed value after the tenth year must be so paid. Finally, beginning in the 31st year of collecting tax increment, an additional 14% of the increment generated by increases in assessed value after the 30th year must be so paid. Under the Redevelopment Law, the County is considered a taxing entity and may elect to receive its share of the required tier 1 payments. The County may not, however, receive any share of the tier 2 and tier 3 payments. The County has elected to receive its share of all tier 1 payment amounts. See "MID-COUNTY REDEVELOPMENT PROJECT AREA – Pass-Through Agreements," and "–Statutory Tax Sharing Payments."

The tax sharing payments described above are required to be made prior to payment of debt service on bonds or loans secured by tax increment from project areas which are subject to AB 1290. However, the provisions of Section 33607.5(e) of the Redevelopment Law and Section 34177.5(c) of the Dissolution Act set forth a process pursuant to which such pass-through payments may be subordinated to debt service on newly-issued bonds or loans, including the Bonds. The Successor Agency has taken action to subordinate the pass-through payments of the Bonds per the provisions of Section 34177.5(c) pursuant to letters to the taxing agencies.

See "MID-COUNTY REDEVELOPMENT PROJECT AREA – Pass-Through Agreements," and "–Statutory Tax Sharing Payments," for a further discussion of existing pass-through obligations of the Successor Agency.

Redevelopment Property Tax Trust Fund

The Dissolution Act authorizes bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the

Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described below.

Allocation of Taxes Subsequent to the Dissolution Act

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

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

Recognized Obligation Payment Schedule

The Dissolution Act requires that, successor agencies annually 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 so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 all amounts required to be deposited in the Special Fund and in the Parity Debt Special Funds (pursuant to the Indenture) which amounts will be used to pay debt service on the Bonds, the Parity Bonds and to pay any reimbursement to the Insurer. These actions will include, without limitation, placing on the 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 in the Special Fund, 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 Tax Revenues received, as described above, to ensure that Tax Revenues are properly credited to and deposited in the Retirement Fund and the Special Fund, as required by the Indenture.

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 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."

Payments to other Taxing Entities. Section 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the "Statutory Pass-Through Amounts"). The Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed for Statutory Pass-Through Amounts and any tax sharing agreements entered before January 1, 1994, to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund each January 2 and June 1, unless (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded by the Successor Agency (see below), (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance, and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance (as defined in the Dissolution Act). If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for the administrative costs allowance in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed for contractual or statutory tax sharing amounts, but only to the extent such payments are subordinate to the payment of debt service on enforceable obligations, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted. The Successor Agency has subordinated all of the statutory pass through amounts to the payments of Debt Service on the Bonds and Parity Bonds. However, payments with respect to contractual pass through amounts are senior to the payment of debt service on the Bonds and Parity Bonds.

The Successor Agency believes but cannot guarantee that this process prescribed by the Dissolution Act of administering the tax increment revenues and the statutory tax sharing amounts will effectively result in adequate Tax Revenues for the payment of principal and interest on the Bonds when due. See "Recognized Obligation Payment Schedule." See also "ESTIMATED REVENUES AND BOND RETIREMENT" for additional information regarding the Statutory Tax Sharing Amounts applicable to the Successor Agency and the revenues derived from the Project Area. The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available 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 in contravention of any constitutional or statutory debt limitation or restriction.

Funds and Accounts Established Under Indenture

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 Tax Revenues. The Indenture establishes a special fund known as the "2017 Mid-County Redevelopment Project Area Special Fund," which is held by the Successor Agency and which is herein referred to as the "Special Fund." The Successor Agency shall transfer all of the Tax Revenues received in any Bond Year ratably to the Parity Debt Special Funds and to the Special Fund promptly upon receipt thereof by the Successor Agency, until such time during such Bond Year as the amounts (i) on deposit in the Special Fund equal the aggregate amounts required to be transferred in such Bond Year into the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account in such Bond Year pursuant to the Indenture, and (ii) on deposit in the Parity Debt Special Funds equal the aggregate amounts required to be transferred in such Bond Year pursuant to the applicable Parity Debt Instrument. If the amount of Tax Revenues available in any Bond Year shall be insufficient to deposit the full amount required to be deposited pursuant to subsections (i) and (ii), of this paragraph, then the Successor Agency shall transfer such Tax Revenues for deposit ratably based on the full amounts required to be so deposited.

All Tax Revenues received by the Successor Agency during any Bond Year in excess of (i) the amount required to be deposited as described in the preceding paragraph and (ii) amounts due and payable to the Insurer shall be released from the pledge, security interest and lien under the Indenture for the security of the 2017 Series C Bonds and any additional Parity Debt and may be applied by the Successor Agency for any lawful purpose of the Successor Agency, including but not limited to the payment of Subordinate Debt, 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 2017 Series C 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 Dissolution Act, it will need to take certain actions to ensure that it collects sufficient 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, including the 2017 Series C 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 Tax Revenues are required to be deposited. The Successor Agency has heretofore established the Retirement Fund as required by Section 34170.5(a) of the California Health and Safety Code, and covenants that it shall continue to hold and maintain the Retirement Fund so long as any of the Bonds are Outstanding. The Successor Agency agrees in the Indenture that it will hold the Special Fund and the Parity Debt Special Funds as accounts within Retirement Fund and will continue to deposit all Tax Revenues, as and when received, into such funds in order to ensure that all Tax Revenues are available for the payment of debt service on the Bonds and Parity Debt on a timely basis including all amounts due to the Insurer.

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 hereunder in trust. 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 2017 Series C 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 sixth (6th) Business Day preceding each date on which interest on the 2017 Series C Bonds becomes due and payable, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding 2017 Series C Bonds on such date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the Interest Payment Date upon all of the Outstanding 2017 Series C 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 2017 Series C Bonds as it shall become due and payable (including accrued interest on any 2017 Series C Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

(b) Principal Account. On or before the sixth (6th) Business Day preceding each date on which principal of the 2017 Series C Bonds becomes due and payable at maturity, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Outstanding 2017 Series C 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 2017 Series C Bonds upon the maturity thereof.

(c) Sinking Account. On or before the sixth (6th) Business Day preceding each October 1 on which any Outstanding 2017 Series C Term Bonds become subject to mandatory redemption, or otherwise for purchases of 2017 Series C Term Bonds, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the 2017 Series C Term Bonds required to be redeemed on such October 1. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the 2017 Series C Term Bonds as it shall become due and payable upon redemption or purchase.

(d) Reserve Account. Amounts on deposit in the 2017 Series C Subaccount of the Reserve Account, which is established by the Indenture and which is to be held by the Trustee, shall be available to pay debt service only on the 2017 Series C Bonds and any other Parity Debt hereafter issued that the Successor Agency elects to be secured by the 2017 Series C Subaccount of the Reserve Account. In the event that the Successor Agency elects to secure additional Parity Debt with the 2017 Series C Subaccount of the Reserve Account, the Successor Agency shall establish subaccounts within the Reserve Account as needed. See, APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Reserve Account."

(e) Redemption Account. On or before the Business Day preceding any date on which 2017 Series C Bonds are subject to redemption, other than mandatory Sinking Account redemption of 2017 Series C 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 2017 Series C 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 2017 Series C Bonds upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of 2017 Series C Term Bonds. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such 2017 Series C 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 2017 Series C Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on 2017 Series C Bonds, which is payable from the Interest Account) as shall be directed by the Successor Agency.

Reserve Requirement. The “Reserve Requirement” is defined in the Indenture to mean, with respect to the 2017 Series C Bonds or any Parity Debt (the 2015 Bonds and the 2016 Bonds), as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the 2017 Series C Bonds or Parity Debt, as applicable, provided that if the original issue discount of the 2017 Series C 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 2017 Series C 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 2017 Series C Bonds or Parity Debt, as applicable, or (iii) 125% of average Annual Debt Service on the 2017 Series C Bonds or Parity Debt, as applicable; provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. For purposes of calculating Maximum Annual Debt Service with respect to determining the Reserve Requirement, variable rate Parity Debt shall be deemed to bear interest at the maximum rate permitted by the Parity Debt Instrument. The calculation of the Reserve Requirement may, at the option of the Successor Agency, be made with respect to the 2017 Series C Bonds and any Parity Debt, including the 2015 Bonds and the 2016 Bonds, on a combined basis, as provided in the Indenture, provided that the Trustee shall establish separate subaccounts for the proceeds of the 2017 Series C Bonds and any such Parity Debt to enable the Trustee to track the investment of the proceeds of the 2017 Series C Bonds and Parity Debt on an individual basis.

The Successor Agency has determined in the Indenture to calculate the Reserve Requirement to the 2017 Series C Bonds amount separate from the 2015 Bonds and the 2016 Bonds.

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

If the Agency at any time in the future has cash on deposit in a Reserve Account, the Agency has the right at any time to request the release of funds by the Trustee from such Reserve Account, in whole or in part,

by tendering the following to the Trustee a Qualified Reserve Account Credit Instrument, which meets the conditions of the Indenture.

"Qualified Reserve Account Credit Instrument" means (i) the Reserve Policy, or (ii) 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 credit rating assigned by S&P or Moody's to the bank or insurance company that issued the Existing Qualified Reserve Account Credit Instrument or (ii) "A" or "A2," respectively, by S&P or Moody's.

With respect to the portions of the Reserve Requirement attributable to Outstanding Parity Debt, the Agency has previously deposited with the Trustee cash, as follows:

TABLE 1
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Mid-County Redevelopment Project Area

Outstanding Parity Debt	Cash Deposit In Reserve	Surety Provider	Surety Amount
2015 Mid-County Bonds	$1,043,375.00		-
2016 Mid-County Bonds	-	BAM	$654,800
Total	$1,043,375.00		$654,800

The amounts deposited for the 2015 Bonds in the Reserve Account are not available to pay debt service on the Bonds. Likewise, the 2017 Series C Reserve Subaccount is not available to pay debt service on the 2015 Bonds or the 2016 Bonds. However, as discussed above, funds in the 2017 Series C Reserve Subaccount may secure any Parity Debt hereafter issued by the Successor Agency which the Successor Agency elects to be secured by the 2017 Series C 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 Successor Agency is required to transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the amount in the Reserve Account at the Reserve Account Requirement. Should the amount of 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 Successor 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.

Additional Bonds

Issuance of Additional Agency Parity Debt. The Agency has covenanted to not issue any obligations payable from Tax Revenues on a senior basis to the Bonds and the Parity Bonds. The Indenture provides that the Successor Agency may issue or incur additional Parity Debt, solely for the purpose of refunding the 2017 Series C Bonds and any Parity Debt, subject to the conditions summarized in part below, provided that the conditions set forth in (a), (b) and (c) below need not be met if such refunding results in savings in each Bond Year.

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

(b) The Tax Revenues for each succeeding Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the County or a written report of an Independent Redevelopment Consultant plus any Additional Revenues shall be at least equal to one hundred twenty-five percent (125%) of Annual Debt Service on the 2017 Series C 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 Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth in 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.

Additionally, the Successor Agency will comply with any other conditions for the issuance of Parity Debt set forth in any applicable Parity Debt Instrument.

Issuance of Subordinate Debt. The Successor Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Successor Agency subject to the following specific conditions precedent:

(a) The Successor Agency shall be in compliance with all covenants set forth in the Indenture and all Parity Debt Instruments; and

(b) The Successor Agency shall deliver to the Trustee a Certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Subordinate Debt set forth in the Indenture have been satisfied.

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 thirty (30) days after written notice thereof, specifying such failure and

requiring the same to be remedied, shall have been given to the Successor Agency by the Trustee or the Insurer; provided, however, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Successor Agency with the prior written consent of the Insurer within such thirty (30) day period and the Successor Agency shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

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

Subject in all respects to the provisions of the 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.

Promptly upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency and the Insurer in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the weighted average interest rate then borne by the Outstanding Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case with the prior written consent of the Insurer, the Owners of a majority of the principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

BOND INSURANCE POLICY

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE

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

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

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

Member	Term Expires
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 Riverside, 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, 2018, 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 on 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 was 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, 2013. 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 Department of Finance.

State Controller Asset Transfer Review

The Dissolution Act requires that the State Controller to 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 State Controller's Office completed the asset transfer audit of the Successor Agency with no findings.

MID-COUNTY REDEVELOPMENT PROJECT AREA

General

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 originally included area in the communities of Garnet, Valle Vista, West Garnet, Homeland and Winchester; Project Area 3-1987 included portions of the community of North Hemet; and Project Area 3-1989 included area within the community of Cabazon. The Board approved the original boundaries of the Project Area No. 3 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 MCPA 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 9,740 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 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.

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. Portions of the sub-area are located in both the Third and Fifth Supervisorial Districts; and 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.

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.

Valle Vista. The Valle Vista Sub-Area includes 550 acres located along Highway 74 portions of which are located within the City of Hemet, in the Third Supervisorial District. 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. It is expected that this sub-area will benefit from the increase in traffic flow, enabling an increase in commercial development and general revitalization. In general, commercial

development opportunities in the Sub-Area remain strong, because the residential development in the recent past in the surrounding area has continued at a strong pace.

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

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.

Redevelopment Plan Limitations

In 1993, the California Legislature enacted AB 1290. Among the changes to the Redevelopment Law accomplished by 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, a redevelopment plan may terminate not more than 40 years following the date of original adoption, and loans, advances, and indebtedness may be repaid during a period extending not more than 10 years following the date of termination of the redevelopment plan.

The Sub-Areas added to the Project Area 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. The Redevelopment Plan was 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 AB 1096 provide, among other things, that the Redevelopment Plan for the Project Area may be amended to add up to three years on to the effectiveness of the Redevelopment Plan 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) eliminating the time limitations on incurring debt. As a result, the Project Area is subject to statutory tax sharing payments. Those taxing entities that have entered into negotiated tax sharing agreements continue to receive tax sharing payments in accordance with the terms of those agreements. The taxing entities without tax sharing agreements will receive their proportionate share of the statutory payments described below.

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. A summary of the Redevelopment Plan limits and tax increment caps for each Sub-Area within the Project Area is contained in the Fiscal Consultant's Report attached to this Official Statement as APPENDIX A.

Largest Taxpayers in the Project Area

The following table 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. For a brief description of the three largest property tax payers in the Project Area, as well as the locations by Sub-Area, see APPENDIX A – "REPORT OF FISCAL CONSULTANT – Ten Largest Assessees."

The following table shows the ten largest property owners within the Project Area.

TABLE 2
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Mid-County Redevelopment Project Area
Ten Largest Taxpayers by Assessed Value
(Fiscal Year 2016-17)

Property Owner	Secured and Utility[1]	Unsecured	Total	Pct of Total	Sub-Area	Principal Land Use
CPV SENTINEL, LLC	$ 643,300,000	-	$ 643,300,000	39.1%	Amendment 2	Utility
CHELSEA GCA REALTY PARTNERSHIP	231,485,390	-	231,485,390	14.1	Cabazon	Shopping Center
CABAZON CO STORES	13,225,214	-	13,225,214	0.8	Cabazon	Shopping Center
RRM PROP LTD	10,272,715	-	10,272,715	0.6	Cabazon	Mining
SOLARIUM CAPITAL *	10,185,935	-	10,185,935	0.6	Valle Vista	Shopping Center
OAKTREE RIVERSIDE	8,791,928	-	8,791,928	0.5	Garnet	Industrial
PHELANRA *	6,381,843	-	6,381,843	0.4	Valle Vista	Shopping Center
MATICH CORP	-	$ 5,799,763	5,799,763	0.4	Cabazon	Industrial
CHATEAU BATTISTE SENIOR LIVING ACQ HEMET	5,330,062	-	5,330,062	0.3	Valle Vista	Vacant
SA CALIF GROUP INC	5,306,600	-	5,306,600	0.3	Homeland	Residential
Total, Top Ten:	$ 934,279,687	$ 5,799,763	$ 940,079,450	57.1%		
Total, Top Twenty:	$ 970,435,800	$13,857,773	$ 984,293,573	59.8%		
Total, Top Hundred:	$1,082,105,493	$32,927,000	$1,115,032,493	67.7%		
Totals for the Area:	$1,565,154,623	$81,524,967	$1,646,679,590	100.0%		

Source: County Office of the Assessor; Urban Analytics

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 is a new facility that was initially assessed at $28.8 million in fiscal year 2012-13, increasing to $682.5 million in fiscal year 2013-14 and $762.1 million in fiscal year 2014-15. Assessed Value for CPV Sentinel was reduced to $558,043,000 for fiscal year 2015-16, and the State Board of Equalization has not provided any explanation for the reduction in Assessed Value. The 2016-17 Assessed Value is $643,300,000.

The Chelsea GCA Realty Partnership is the owner of the Desert Hills Premium Outlet shopping center in the Cabazon sub-area of the Project Area. Cabazon Stores is the owner of the Cabazon Outlets retail center on Seminole Drive, also in the Cabazon sub-area. RRM Properties, owned by Robertson's Ready Mix Sand and Gravel, owns 25 properties in the Cabazon sub-area classified as mining operations by the assessor. Solarium Capital owns a retail center at 43418 Florida Avenue in the Valle Vista sub-area. Oaktree Riverside is an industrial park at 19020 N Indian Canyon Drive in the Garnet sub-area, while WCP Desert Commerce owns two vacant parcels in the Amendment 2 sub-area. Matich Corporation is an asphalt plant on leased property on Apache Trail in the Cabazon sub-area. Phelanra is the owner of a retail center on East Florida Avenue in the Valle Vista sub-area, while SA California Group owns 176 largely vacant lots for development in the Homeland sub-area.

As noted previously under "Assessment Appeals," certain properties owned by Solarium Capital and Phelanra have pending assessment appeals.

Pass-Through Agreements

Under redevelopment law existing at the time of a redevelopment agency's plan adoption, taxing jurisdictions that would experience a fiscal burden due to the existence of the redevelopment plan could enter into fiscal agreements with redevelopment agencies to alleviate that burden. Such agreements, known as Section 33401 fiscal, or pass-through, agreements, generally provide for redevelopment agencies to pay to a taxing entity some or all of that entity's share of the tax increment received by the agency. Taxing entities could separately receive their share of the growth in valuation due to inflation, known as Section 33676 or the 2% payments.

The Agency reports that it has a uniform set of agreements with non-school taxing entities regarding payments under Section 33401. Under these agreements, the Agency passes through to the taxing entities 100% of the tax increment that the entities would otherwise receive. The County itself does not receive pass-through payments for the general fund or for county fire or library districts under these agreements.

The Agency has a similarly uniform set of agreements with school jurisdictions. Under the school pass-through agreements, the school districts receive 29.62% of the tax increment that each district would normally receive. The Agency has no resolutions in effect with taxing entities under Section 33676.

All Section 33401 pass-through payments are calculated and made by the Auditor-Controller on the Agency's behalf. The Agency's contractual pass-through payments pursuant to Section 33401 are senior to the Bonds. In the Sub-Areas adopted after January 1, 1994, the Agency itself makes pass-through payments to taxing entities using the statutory mechanism set out in AB 1290. See APPENDIX A—"REPORT OF FISCAL CONSULTANT."

Statutory Tax Sharing Payments

The Sub-Areas added to the Project Area 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. The Redevelopment Plan was 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 AB 1096 provide, among other things, that the Redevelopment Plan for the Project Area may be amended to add up to three years on to the effectiveness of the Redevelopment Plan 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) eliminating the time limitations on incurring debt. As a result, the Project Area is subject to statutory tax sharing payments. Those taxing entities that have entered into negotiated tax sharing agreements continue to receive tax sharing payments in accordance with the terms of those agreements. The taxing entities without tax sharing agreements will receive their proportionate share of the statutory payments described below.

The payments to those taxing entities that do not have tax sharing agreements in place are made in accordance with the three-tiered formula for statutory tax sharing payments required outlined in Section 33607.7 of the Law. These taxing entities receive their proportional shares of a tax sharing amount that is defined as being 25% of the revenue derived from the difference in assessed value in the current year and the assessed value in the adjusted base year and net of the 20% housing set-aside requirement.

Under Section 34177.5(c) of the Dissolution Act, the Agency may subordinate the statutory pass-through payments to the repayment of indebtedness. The Agency subordinated the statutory pass-through payments to the repayment of Bonds.

Successor Agency Indebtedness

In addition to the Bonds, the Agency currently has certain 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 the Agency). In addition to the bonds listed below, the Agency has allocated to the Project Area debt service on its Housing Bonds as further described herein under "—Allocation of Former Low and Moderate Income Housing Set-Aside." A description of outstanding indebtedness of the Agency, other than the 2016 Series C Bonds, as of October 2, 2016 as follows:

TABLE 3
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Mid-County Redevelopment Project Area
Summary of Outstanding Parity Debt
(As of October 2, 2016)

	Balance October 2, 2016
Bonds:	
2010 Bonds[1]	$ 5,350,000
2015 Bonds	14,030,000
2016 Bonds	8,950,000
Total	$28,330,000

(1) To be refunded.
Source: County of Riverside.

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.

TABLE 4
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Mid-County Redevelopment Project Area
Historical Assessed Values
(Fiscal Years 2007-08 through 2016-17)

Roll	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Secured										
- Land	$218,675,361	$258,674,240	$232,325,504	$205,397,771	$204,868,834	$188,744,523	$ 271,080,241	$ 276,976,828	$ 286,896,961	$ 297,625,870
- Improvements	353,953,243	386,786,561	432,817,428	411,558,423	409,423,108	411,346,624	544,232,511	602,464,835	648,760,006	659,599,244
- Personal Property	686,349	706,585	783,529	4,801,162	4,257,829	1,336,179	3,310,996	4,700,116	4,283,861	3,049,399
- Exemptions	-22,129,994	-22,563,059	-22,677,606	-22,683,174	-22,833,637	-30,195,586	-36,203,085	-37,382,636	-38,216,226	(38,425,631)
Secured Total	$551,184,959	$623,604,327	$643,248,855	$599,074,182	$595,716,134	$571,231,740	$ 782,420,663	$ 846,759,143	$ 901,724,602	$ 921,848,882
Unsecured										
- Land	$ 234	$ 1,060	$ 1,081	$ 0	$ 128,496	$ 39,136,938	$ 0	$ 0	$ 0	$ 1,238
- Improvements	23,947,989	25,956,300	29,865,277	44,145,808	39,327,644	25,709,675	40,670,529	43,262,332	47,000,917	46,420,106
- Personal Property	19,475,522	20,638,349	21,933,917	22,131,608	23,262,949	0	26,865,327	27,607,949	33,012,314	35,082,623
- Exemptions	0	0	0	0	21,000	0	0	0	0	21,000
Unsecured Total	$ 43,423,745	$ 46,595,709	$ 51,800,275	$ 66,277,416	$ 62,740,089	$ 64,846,613	$ 67,535,856	$ 70,870,281	$ 80,013,231	$ 81,524,967
Utility										
- Land	$ 69,784	$ 69,784	$ 69,784	$ 69,784	$ 69,784	$ 5,741	$ 382,121	$ 8,702,121	$ 8,702,121	$ 8,702,121
- Improvements	0	0	0	0	0	0	682,123,620	753,424,620	549,346,620	634,603,620
- Personal Property	0	0	0	0	0	0	0	0	0	0
- Exemptions	0	0	0	0	0	0	0	0	0	0
Utility Total	$ 69,784	$ 69,784	$ 69,784	$ 69,784	$ 69,784	$ 5,741	$ 682,505,741	$ 762,126,741	$ 558,048,741	$ 643,305,741
Totals:	$594,678,488	$670,269,820	$695,118,914	$665,421,382	$658,526,007	$636,084,094	$1,532,462,260	$1,679,756,165	$1,539,786,574	$1,646,679,590
Percent Change	14.12%	12.71%	3.71%	-4.27%	-1.04%	-3.41%	140.92%	9.61%	-18.68%	6.94%
Plus: HOPTR AV*	$ 7,679,868	$ 7,487,872	$ 7,493,086	$ 7,490,424	$ 7,602,379	$ 7,342,753	$ 11,386,806	$ 11,110,126	$ 10,849,324	$ 10,618,462
Less: Base AV	$127,023,198	$127,023,198	$127,023,198	$127,023,198	$127,023,198	$127,023,198	$ 586,710,147	$ 586,710,147	$ 586,710,147	$ 586,710,147
Incremental AV:	$475,335,158	$550,734,494	$575,588,802	$545,888,608	$539,105,188	$516,403,649	$ 957,138,919	$1,104,156,144	$ 963,925,751	$1,070,587,905
Incremental Revenue (1%)	$ 4,753,352	$ 5,507,345	$ 5,755,888	$ 5,458,886	$ 5,391,052	$ 5,164,036	$ 9,571,389	$ 11,041,561	$ 9,639,258	$ 10,705,879

Volatility Ratio

The Fiscal Consultant has determined the Volatility Ratio for each of the Project Area Sub-Areas. 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. The volatility ratio for the Project Area is 0.35%. See APPENDIX A – "REPORT OF FISCAL CONSULTANT – Table 1." Also, see "BOND OWNERS' RISKS – Reduction in Taxable Value."

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 XIIIA 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 Area. Pursuant to Article XIIIA, 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. 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

Fiscal Year	Inflation Adj. Factor
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.

Proposition 8 Assessment Reductions And Restorations

Proposition 8 amended the Revenue and Taxation Code to allow for reduction of a property's taxable value when the property's market value drops below the inflation adjusted base value for that property. Once reduced, the Riverside County Office of the Assessor (the "Assessor") is required to revalue the property each year and enroll the lesser of the current market value of the property or its original inflation adjusted base value. If a property that has been reduced in value under Proposition 8 is sold, its value is reset based upon the sales price and this new value is no longer subject to annual revaluation under Proposition 8.

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 (these figures are reported by tax rate district rather than by sub-area and include areas outside of the Project Area). The Assessor reports 34,131 properties reduced through Proposition 8 in Fiscal Year 2016-17 in the principal tax rate districts within the Project Area with $2,427,318,903 in reduced valuation. This compares to 38,467 properties and $2,899,524,263 in Proposition 8 reductions in Fiscal Year 2015-16 and 47,915 properties and $3,628,254,071 in Proposition 8 reductions in Fiscal Year 2014-15. While these figures include properties outside of the Project Area, they indicate that Proposition 8 reductions have decreased in value by approximately 42% between Fiscal Year 2012-13 and Fiscal Year 2016-17. Additionally, based upon a sampling of individual parcels in the Project Area, the Fiscal Consultant concluded that it is likely that a substantial portion of the increase in secured assessed valuation of the Project Area is due to the restoration of assessed valuation of properties that had previously been reduced due to Proposition 8. The assessor does not indicate on the rolls that parcels are subject to Proposition 8.

Assessed Valuation Appeals

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.

After the applicant and the assessor have presented their arguments, the Appeals Board makes a final decision on the proper assessed value. The Appeals Board may rule in the assessor's favor, in the applicant's favor, or the Board may set their own opinion of the proper assessed value, which may be more or less than either the assessor's opinion or the applicant's opinion. Any reduction in the assessment ultimately granted applies to the year for which application is made and during which the written application was filed. The assessed value may be increased to its pre reduction level for fiscal years following the year for which the reduction application is filed if the real estate market recovers.

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.

Most of the appeals filed in the Project Area are 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 XIIIA 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. Significant reductions have taken place in some counties due to declining real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and it may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

There are currently 21 pending appeals within the Project Area. 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 as shown in Table 5. The estimated impact of value losses resulting from these pending appeals has not been incorporated into the projected revenues of the Project Area. See "ESTIMATED REVENUES AND BOND RETIREMENT," herein.

TABLE 5
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Mid-County Redevelopment Project Area
Assessment Appeals by Large Taxpayers

Roll Year	Owner Name[1]	Status	County Valuation	Applicant Opinion of Value	Valuation After Appeal
2015-16	PHELANRA	1 Pending	6,285,984	4,000,000	TBD
2015-16	SOLARIUM CAPITAL	3 Pending	9,284,930	6,700,000	TBD
2014-15	PHELANRA	1 Resolved	6,162,852	4,100,000	6,162,852
2014-15	SOLARIUM CAPITAL	4 Resolved	13,546,314	10,250,000	13,546,314
2013-14	PHELANRA	1 Resolved	6,135,000	3,000,000	6,135,000
2013-14	SOLARIUM CAPITAL	4 Resolved	15,213,454	10,450,000	15,213,454
2012-13	SOLARIUM CAPITAL	4 Resolved	14,915,155	9,950,000	14,915,155

(1) Appeals filed on properties owned by the ten largest owners for 2014-15. Data is current as of November 16, 2016.
Source: Riverside County Assessor.

The following table shows the amount of assessed value that is presently under appeal within the Project Area and the estimated reduction of value that has been factored into the projections for 2016-17. The assessment appeals data below reflects appeals filed for Fiscal Years 2007-08 through 2016-17. To provide some indication of the proportion of valuation upheld on appeal, the table below provides information on resolved appeals filed in previous years in the Project Area. Overall, the 610 appeals settled in the Project Area during the Fiscal Year 2007-08 to Fiscal Year 2016-17 period resulted in reductions in valuation of $6.7 million out of $675.2 million in enrolled valuation subject to appeals, or around 1%. The overall retention rate has been calculated by the Fiscal Consultant to be approximately 99% of the original valuation.

Applying the 99% retention rate for resolved appeals to the $36.4 million in total valuation for parcels with appeals pending indicates a potential valuation reduction of $0.3 million or approximately $3,500 in tax revenue. If the full amount of disputed valuation were granted, the reduction in valuation would be $20.3 million or approximately $203,000 in tax revenue. As both estimates include properties with appeals in multiple years, it is not necessarily an indication of equivalent resolution as to assessed valuation of such properties in subsequent years. As noted below under "ESTIMATED REVENUES AND BOND RETIREMENT," no assumptions are made regarding any potential appeal-related adjustments to Project Area valuation.

TABLE 6
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Mid-County Redevelopment Project Area
Estimated Appeals Loss
Fiscal Year 2015-16

Roll Year	Status	Number of Appeals[1]	County Valuation	Applicant Opinion of Value	Valuation After Appeal	Retention Rate[2]
2016-17	Resolved	-	-	-	-	-
2016-17	Pending	3	2,439,333	600,000	TBD	TBD
2015-16	Resolved	13	3,456,846	2,538,008	3,347,888	97%
2015-16	Pending	11	23,849,375	12,660,000	TBD	TBD
2014-15	Resolved	14	21,846,025	14,392,000	21,846,025	100%
2014-15	Pending	2	4,833,937	589,000	TBD	TBD
2013-14	Resolved	38	35,096,878	18,618,785	34,980,493	100%
2013-14	Pending	2	2,079,142	700,000	TBD	TBD
2012-13	Resolved	53	109,924,717	64,519,064	109,307,239	99%
2012-13	Pending	1	1,266,767	800,000	TBD	TBD
2011-12	Resolved	62	118,995,657	69,694,498	116,464,789	98%
2011-12	Pending	2	1,940,784	720,000	TBD	TBD
2010-11	Resolved	52	114,487,852	69,591,446	113,402,336	99%
2010-11	Pending	-	-	-	-	-
2009-10	Resolved	110	120,491,425	64,233,106	119,053,464	99%
2009-10	Pending	-	-	-	-	-
2008-09	Resolved	261	109,958,278	74,465,205	109,284,084	99%
2008-09	Pending	-	-	-	-	-
2007-08	Resolved	7	40,953,745	30,629,789	40,953,745	100%
2007-08	Pending	-	-	-	-	-
All Years	Resolved	610	675,211,423	408,681,901	668,640,063	99%
All Years	Pending	21	36,409,338	16,069,000	TBD	TBD

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

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 7
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Mid-County Redevelopment Project Area
Land Use Statistics
(Fiscal Year 2016-17)

Land Use	Secured AV[1]	Pct of AV	Number of Parcels	Pct of Parcels	Acres[2]	Pct of Acres
Secured						
Commercial	$360,719,468	21.9%	194	2.0%	220	2.3%
Industrial	43,972,192	2.7	36	0.4	457	4.7
Single-Family Residential	246,871,131	15.0	2,404	25.0	340	3.5
Condominiums	7,190,421	0.4	95	1.0	4	0.0
Other Residential	152,012,881	9.2	2,244	23.4	3,966	40.7
Vacant	109,700,017	6.7	4,203	43.8	4,154	42.7
Other	1,290,588	0.1	90	0.9	599	6.2
Utility	643,305,741	39.1	7	0.1	N/A	N/A
Unsecured	81,524,967	5.0	327	3.4	N/A	N/A
Total	$1,646,679,590	100.0%	9,600	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.

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 not affected by delinquent tax payments. The overall delinquency rate in the Project Area for the 2015-16 fiscal year was 3.2% as of November30, 2016.

Financial Statements

The Successor Agency currently maintains separate audited financial statements. The Successor Agency's audited financial statements for the Fiscal Year ended June 30, 2016, 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.

Allocation of Former Low and Moderate Income Housing Set-Aside

Table 10 herein shows a projection of tax increment revenues and Tax Revenues pledged to repay the Bonds. A portion of tax increment that would have been deposited in the Former Agency's Low and Moderate Income Housing Set-Aside is pledged to the repayment of the Housing Bonds of the Former Agency and Successor Agency. The Housing Bonds are payable from the former Low and Moderate Income Housing Set-Aside of all of the redevelopment project areas of the Former Agency. The Project Area is responsible for its pro rata portion of the debt service of the Housing Bonds. Reductions in assessed value in any other project area can have the result of increasing the pro rata share of debt service on the Housing Bonds in the Project Area, in particular, the CPV Sentinel electric generating facility in the Project Area and an energy facility in the Interstate 215 Corridor Redevelopment Project Area, have each had large reassessments. A significant decrease in the assessed value of one large property owner could result in reducing tax increment in the related project area. A reduction in another project area's assessed value could increase the Project Area's proportionate share of debt service for the Housing Bonds and result in a corresponding reduction in the amount of Tax Revenues available to pay debt service on the Bonds.

Other Project Areas

Including the Mid-County Project, 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 – Pledge of Tax Revenues," herein. Such pledge and lien is subordinate to any existing pledges or liens on such tax revenues. Accordingly, tax revenue generated from property located in one of the other project areas administered by the Successor Agency, subject to existing liens and priority claims, is available to pay debt service on the 2016 Series C 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 Fiscal Consultant's Report, attached as APPENDIX A, shows total assessed values and incremental revenues for all project areas as well as the largest property tax payers in all areas combined. The top ten tax payers for all project areas amount to 13.62% of the total assessed value.

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 A – "REPORT OF FISCAL CONSULTANT."

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

TABLE 8
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 RTTPF 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 A 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.

ESTIMATED REVENUES AND BOND RETIREMENT

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

For purposes of projecting Tax Revenues, the Fiscal Consultant has made the following assumptions:

(1) The Fiscal Consultant assumed that the tax rate in the Project Area is 1%, with no tax rate overrides. For purposes of projecting Tax Revenues, plan limitations are not taken into account.

(2) County administrative fee is estimated to be 1.50% of tax increment revenue in the Project Area and is shown under "Other Senior Obligations," in Table 10 below.

(3) Tax increment revenue is projected to increase at an annual growth rate of 2.0% for fiscal year 2016-17 and subsequent years. Unitary tax revenue of $18,904 is assumed to remain constant.

(4) Tax increment revenues do not include any adjustment for delinquencies, refunds, or rebates. See "Property Taxes; Teeter Plan," herein.

(5) Net tax increment deducts a pro rata share of debt service on the Housing Bonds, but does not include a deduction of any other amounts that, prior to dissolution, were required to be deposited in the Former Agency's Low and Moderate Income Housing Fund.

(6) Projections assume that statutory tax sharing payments are subordinate to debt service.

(7) Projections do not take into consideration any changes in assessed valuation due to new construction, property sales, Proposition 8 reduction or assessment appeals.

(8) Contractual pass through payments are senior to the Bonds according to agreements described under "MID-COUNTY REDEVELOPMENT PROJECT AREA – Pass-Through Agreements" and "– Statutory Tax Sharing Payments," herein.

(9) The 20% low and moderate housing set aside was eliminated with the Dissolution Act. Were the set aside still in effect, the amount of tax increment deposited in the low and moderate income Housing Fund would have been 20% of the gross tax increment less the County Administration fee. A proportionate share of Agency's Housing Bonds debt service is deduced based on the Project Area's tax increment in proportion to other Agency Project Areas.

Actual levels of future tax increment revenues will depend upon the rate of growth in tax increment resulting from new development, change of ownership and inflation, and changes in tax rates, and may differ from the projections presented herein. See "REPORT OF FISCAL CONSULTANT" attached hereto as APPENDIX A.

TABLE 9
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Mid-County Redevelopment Project Area
Estimated Tax Increment Revenues[1]
Fiscal Years 2016-17 through 2041-42

Fiscal Year	Gross Tax Increment	Project Area Share of Housing Debt Service	Senior Pass-Through Payments	County Administration Fee	Net Tax Increment
2016/17	$10,724,783	$(1,267,442)	$(1,640,679)	$(160,872)	$ 7,655,791
2017/18	11,039,332	(1,272,889)	(1,672,457)	(165,590)	7,928,396
2018/19	11,360,172	(1,278,397)	(1,704,872)	(170,403)	8,206,501
2019/20	11,687,429	(1,283,297)	(1,737,934)	(175,311)	8,490,886
2020/21	12,021,231	(1,288,006)	(1,771,658)	(180,318)	8,781,249
2021/22	12,361,709	(1,293,314)	(1,806,056)	(185,426)	9,076,913
2022/23	12,708,996	(1,298,128)	(1,841,143)	(190,635)	9,379,091
2023/24	13,063,229	(1,302,070)	(1,876,930)	(195,948)	9,688,280
2024/25	13,424,547	(1,307,068)	(1,913,434)	(201,368)	10,002,677
2025/26	13,793,091	(1,311,369)	(1,950,668)	(206,896)	10,324,158
2026/27	14,169,007	(1,315,555)	(1,988,646)	(212,535)	10,652,270
2027/28	14,552,440	(1,306,331)	(2,027,384)	(218,287)	11,000,438
2028/29	14,943,542	(1,310,482)	(2,066,897)	(224,153)	11,342,009
2029/30	15,342,466	(1,314,310)	(2,107,200)	(230,137)	11,690,818
2030/31	15,749,369	(1,317,463)	(2,148,309)	(236,241)	12,047,355
2031/32	16,164,409	(1,321,515)	(2,190,241)	(242,466)	12,410,188
2032/33	16,587,751	(1,324,843)	(2,233,011)	(248,816)	12,781,081
2033/34	17,019,559	(1,339,491)	(2,276,636)	(255,293)	13,148,138
2034/35	17,460,004	(1,343,362)	(2,321,134)	(261,900)	13,533,607
2035/36	17,909,257	(1,346,226)	(2,366,522)	(268,639)	13,927,870
2036/37	18,367,495	(1,349,432)	(2,412,817)	(275,512)	14,329,733
2037/38	18,834,898	(813,707)	(2,460,038)	(282,523)	15,278,630
2038/39	19,311,650	(793,197)	(2,508,204)	(289,675)	15,720,574
2039/40	19,797,936	(735,053)	(2,557,334)	(296,969)	16,208,580
2040/41	20,293,948	(537,632)	(2,607,445)	(304,409)	16,844,462
2041/42	20,799,880	(538,618)	(2,658,559)	(311,998)	17,290,705

[1] See prior page for assumptions to calculate projections.
Source: Urban Analytics.

The following Table 10 projects debt service coverage for the Bonds showing only projected net tax increment revenue and Tax Revenues.

TABLE 10
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Mid-County Redevelopment Project Area
Estimated Debt Service Coverage
Fiscal Years 2016-17 through 2039-40

Fiscal Year	Net Tax Increment[1][2]	Outstanding Parity Bonds Debt Service[3][4]	2017 Series C Bonds Debt Service[4]	Total Bonds Debt Service[4]	Total Debt Service Coverage

____

[1] See Table 9 for details.

[2] Tax Increment shown for purposes of this coverage table represent only Tax Revenues relating to the Project Area. However, all funds deposited into the RPTTF of the Agency are available to pay debt service on the Bonds after all other debt service obligations and other senior obligations are satisfied. See "SECURITY FOR THE BONDS – Redevelopment Property Tax Trust Fund," and "- Security for the Bonds."

[3] Includes 2015 Bonds and 2016 Bonds.

[4] Debt service is shown on a Bond Year basis.

Source: Riverside County Office of the Assessor; Urban Analytics, LLC.

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 Successor 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 Successor 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 Successor 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. 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, 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-Pledge of Tax Revenues") 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 to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the Bonds coming due in the respective six-month period, including listing a reserve on the ROPS to the extent required by the Indenture or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the Bonds for the next payment due in the following six-month period.

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event the Successor Agency does not timely submit a ROPS. 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 "MID-COUNTY REDEVELOPMENT PROJECT AREA – Assessed Valuation 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 information provided by the County Assessor's office, there are currently 21 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 $7.3 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 770 appeals settled in the Project Area from Fiscal Year 2006-07 through Fiscal Year 2015-16 resulted in reductions in valuation of $7.1 million out of $741.3 million in enrolled valuation, or 1%. The overall retention rate has thus been about 99% of the original valuation. See APPENDIX A – "REPORT OF FISCAL CONSULTANT – Section D – Appeals of Assessed Values."

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 "MID-COUNTY REDEVELOPMENT PROJECT AREA - Assessed Valuation Appeals." The Fiscal Consultant has not reduced the projections of Tax Revenues based upon appeals in the Project Area.

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 "-Concentration of Property Ownership" and "MID-COUNTY REDEVELOPMENT PROJECT AREA – Proposition 8 Assessment Reductions and Restorations," and "-Largest Taxpayers in the Project Area."

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 XIIIA 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 XIIIA 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 2017-18 is 2.00%. 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 XIIIA 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 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 Tax Revenues and adversely affect the security of the Bonds.

Bankruptcy of Landowners

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

Concentration of Property Ownership

The Project Area is comprised of multiple Sub-Areas, each of which have their own base years. See "THE MID-COUNTY REDEVELOPMENT PROJECT AREA – General Description" and Table 2. The

Project Area has a high concentration of property ownership. CPV Sentinal, LLC, is the owner of a power peaking plant in the Amendment 2 sub-area which has assessed value of 39.1% of the total Project Area Assessed Valuation. Additionally, Chelsea GCA Realty Partnership, the owner of the Desert Hills Premium Outlet, located in the Cabazon subarea, owns 14.1% of the assessed valuation in the Project Area. See Table 2, "Ten Largest Taxpayers by Assessed Value." Accordingly, a decline in the property values in the Project Area, particularly property representing a high concentration of value in the Project Area, could significantly reduce Tax Revenues within the Project Area. Concentration of ownership presents a risk in that, if one or more of the largest property owners in a Project Area were to default on their taxes (and if the County were to change its current practice of distributing Tax Revenues to the Successor Agency regardless of delinquencies) or were to successfully appeal the tax assessments on property, a substantial decline in Tax Revenues could occur. See "ESTIMATED REVENUES AND BOND RETIREMENT" 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 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 tax revenues.

The potential for flooding varies in the Project Area based on the sub-area. Problems with flooding occur in and around the Garnet and West Garnet Sub-areas. Approximately 877.53 acres in the Garnet sub-area are 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 Area. 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 Area. 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 Tax Revenues will be sufficient to pay debt service on the Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Project Area,

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

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Direct and Overlapping Indebtedness

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

Future Legislation and Initiatives

Article XIIIA, Article XIIIB 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, Revenues under the Indenture. The Successor Agency has in the past experienced reductions in its tax increment revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. For a discussion of historical assessment appeals in the Project Area and summary information regarding pending and resolved assessment appeals for the Successor Agency, see APPENDIX A – "REPORT OF FISCAL CONSULTANT." See - "Reduction in Taxable Value," herein.

Economic Risks

The Agency's ability to make payments on the respective Bonds will be partially dependent upon the economic strength of the Project Area. If there is a decline in the general economy of the Project Area, the owners of property may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of tax increment revenues. In the event of decreased values, 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 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 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 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 "BOND OWNERS' RISKS – Bankruptcy."

Bond Insurance Risk Factors

The Successor Agency has made application for the purchase of 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 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 Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "OTHER INFORMATION – Ratings" herein.

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

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

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 XIIIA

Article XIIIA of the California Constitution. Section 1(a) of Article XIIIA 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 XIIIA 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 XIIIA 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 XIIIA. 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 XIIIA. 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 XIIIA 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 XIIIA 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 XIIIA.

Article XIIIB of the California Constitution. On November 6, 1979, California voters approved Proposition 4, the Gann Initiative, which added Article XIIIB to the California Constitution. The principal effect of Article XIIIB 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 XIIIB 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 XIIIB 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 XIIIC and XIIID 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 XIIIC 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 certainly 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 XIIIA 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 XIIIA (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 XIIIA 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. $18,904 of unitary tax revenue is assumed to remain constant.

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 currently not affected by delinquent tax payments. [The overall delinquency rate in the Project Area as of August 5, 2015 was 4.8%.]

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 2% of the tax increment revenues from a Project Area. The calculations of Tax Revenues take such administrative costs into account.

Future Initiatives

Article XIIIA, Article XIIIB 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 Underwriter 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 have prepared an omnibus corrective notice regarding bond insurer ratings and ratings of the County's general fund debt.

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

The County was advised by Bank of America Merrill Lynch ("BAML") and Stifel, Nicolaus & Company, Incorporated ("Stifel") that the County was reported by each firm under the current Municipalities Continuing Disclosure Cooperation ("MCDC") initiative of the SEC. MCDC is a program allowing issuers and underwriters to voluntarily report non-compliance with disclosure obligations. Additionally, the County self-reported under the provisions of MCDC. 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 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 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 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 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.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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 any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

Verification of Mathematical Computations

The Verification Agent will examine the arithmetical accuracy of certain computations included in the schedules provided by the Successor Agency relating to the refunding of the 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 Services, a Standard & Poor's Financial Services LLC, business ("S&P"), with the understanding that upon execution and delivery of the Bonds, the municipal bond insurance policy insuring the payment when due of the principal and interest on the Insured Bonds will be issued by ______. S&P has assigned its underlying rating of "___" (stable outlook) on the Bonds without regard to the issuance of the Policy.

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

Municipal Advisor

C.M. de Crinis & Co., Inc. has acted as municipal advisor to the Agency concerning the Bonds. As municipal advisor, C.M. de Crinis & Co., Inc. will receive compensation contingent upon the sale and delivery 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 "Underwriter") has agreed to purchase the Bonds at a price of $____________ (being the principal amount of the Bonds, plus a net original issue premium of $___________, less an underwriter's discount of $_________) under a Bond Purchase Contract between the Agency and the Underwriter.

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

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

Miscellaneous

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

(Balance of this page intentionally left blank)

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