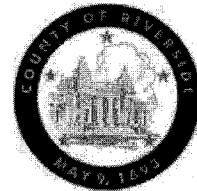


SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM  
4.3  
(ID # 3822)

**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, Districts 2, 4, 5 [\$450,000], Bond Proceeds (Vote on Separately)

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Adopt Successor Agency Resolution No. 2017-009, confirming the issuance of refunding tax allocation bonds to refinance the 2006 Desert Communities Project Area Series D Bonds, the 2010 Desert Communities Project Area Series D and 2010 Interstate 215 Corridor Series E 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)

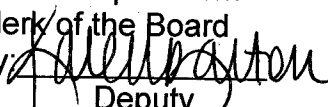
  
Alex Gann 3/14/2017

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Tavaglione, seconded by Supervisor Washington 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**

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$450,000	\$0	\$450,000	\$0
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$0
<b>SOURCE OF FUNDS:</b> Bond Proceeds (100%)			<b>Budget Adjustment:</b> No	
			<b>For Fiscal Year:</b> 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 4-1, Successor Agency Resolution No. 2017-005, 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. The combined total savings from the three series is projected to be approximately \$11.6 million and \$7.6 million expressed in 2017 dollars.

<b>Series</b>	<b>DCPA 2006 Refunding</b>	<b>DCPA 2010 Refunding</b>	<b>I-215 2010 Refunding</b>
Size	\$1,480,000	\$28,305,000	\$46,705,000
PV Savings	\$127,481	\$1,754,727	\$5,689,308
PV Savings As %	8.61%	6.09%	11.6%
Avg. Saving/Year	\$8,568	\$126,241	\$367,718
Total Savings	\$179,921	\$2,651,060	\$8,825,220

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

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

3% (Board Policy B-24 for the Riverside County Debt Advisory Committee).

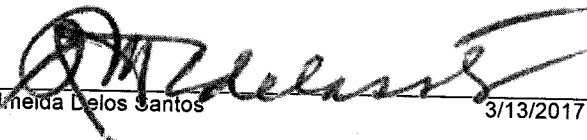
**Impact on Residents and Businesses**

This item will be beneficial for the citizens of Riverside County due to the surplus tax revenue that will be derived from the refinancing. County residents and businesses will ultimately benefit, since the taxing entities will have additional revenue to use for services for the residents of Riverside County.


The savings in debt service payments that would otherwise be paid to bondholders will be distributed to taxing entities including the County General Fund (approximately 21%), K-12 school districts and community college districts (approximately 60% combined), cities and special districts. The County Library and County Fire share will be 2.3% and 6.4%, respectively.

**ATTACHMENTS:**

Successor Agency Resolution No. 2017-009  
Attachment A: Preliminary Official Statement

  
Ineida Delos Santos

3/13/2017

  
Gregory L. Priamos, Director County Counsel

3/13/2017

RESOLUTION NO. 2017-009

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 Desert Communities Redevelopment Project Area 2006 Tax Allocation Bonds, Series D (the "Prior 2006 Series D Bonds") in the initial aggregate principal amount of \$71,725,000 for the purpose of financing redevelopment activities;

FORM APPROVED COUNTY COUNSEL  
BY *Andy A. Gardner* DATE 3/17/17  
T. A. GARDNER

1  
2  
3       **WHEREAS**, prior to the dissolution of the Former Agency, the  
4 Former Agency issued its Redevelopment Agency For the County of  
5 Riverside Desert Communities Redevelopment Project Area 2010 Tax  
6 Allocation Bonds, Series D (the "Prior 2010 Series D Bonds" and  
7 together with the Prior 2006 Series D Bonds, the "Prior Series D  
8 Bonds") in the initial aggregate principal amount of \$32,415,000  
9 for the purpose of financing redevelopment activities;

10  
11       **WHEREAS**, prior to the dissolution of the Former Agency, the  
12 Former Agency issued its Redevelopment Agency for the County of  
13 Riverside Interstate 215 Corridor Redevelopment Project Area  
14 2010 Tax Allocation Bonds, Series E (the "Prior Series E Bonds"  
15 and together with the Prior Series D Bonds, the "Prior Bonds")  
16 in the initial aggregate principal amount of \$50,520,000 for the  
17 purpose of financing redevelopment activities;

18  
19       **WHEREAS**, Section 34177.5 authorizes the Successor Agency to  
20 issue refunding bonds pursuant to Article 11 (commencing with  
21 Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5  
22 of the Government Code (the "Refunding Law") for the purpose of  
23 achieving debt service savings within the parameters set forth  
24 in Section 34177.5(a)(1) (the "Savings Parameters");

25  
26  
27       **WHEREAS**, the Successor Agency, pursuant to Resolution No.  
28 2017-005 (the "Bond Resolution"), adopted on January 31, 2017,

1  
2 approved the issuance of (i) Successor Agency to the  
3 Redevelopment Agency for the County of Riverside Desert  
4 Communities Redevelopment Project Area 2017 Tax Allocation  
5 Refunding Bonds, Series D (the "Refunding Series D Bonds") in  
6 the aggregate principal amount of not to exceed \$37,000,000, and  
7 (ii) Successor Agency to the Redevelopment Agency for the County  
8 of Riverside Interstate 215 Corridor Redevelopment Project Area  
9 2017 Tax Allocation Refunding Bonds, Series E (the "Refunding  
10 Series E Bonds" and, together with the Refunding Series A Bonds  
11 and the Refunding Series D Bonds, the "Refunding Bonds") in the  
12 aggregate principal amount of not to exceed \$60,000,000, in  
13 order to refund the Prior Bonds, subject to the Savings  
14 Parameters being met;  
15

16  
17       **WHEREAS**, the Oversight Board for the Successor Agency, by  
18 Resolution OB No. 2017-003 (the "OB Resolution"), adopted  
19 January 19, 2017, approved the issuance of the Refunding Bonds,  
20 and the OB Resolution, together with additional materials, have  
21 been submitted to the California Department of Finance for its  
22 approval of the OB Resolutions and the issuance of the Refunding  
23 Bonds;  
24

25  
26       **WHEREAS**, the Successor Agency pursuant to the Bond  
27 Resolution, also approved the sale of the Refunding Bonds to the  
28 Riverside County Public Financing Authority (the "Authority"),

1  
2 and the Authority intends to issue its own bonds (the "Authority  
3 Bonds") in order to obtain the funds necessary to purchase the  
4 Refunding Bonds;  
5

6  
7 **WHEREAS**, the Successor Agency and the Authority, with the  
8 assistance of their disclosure counsel, Best Best & Krieger LLP,  
9 have prepared a draft of an Official Statement for the Authority  
10 Bonds (the " Official Statement"), which contains information  
11 regarding the Refunding Bonds, the Authority Bonds, the Former  
12 Agency, the Successor Agency, and the Former Agency's Desert  
13 Communities and Interstate 215 Corridor Redevelopment Project  
14 Areas, the preliminary form of which is on file with the  
15 Secretary of the Successor Agency;  
16

17 **WHEREAS**, the Successor Agency, with the aid of its staff,  
18 has reviewed the Official Statement and wishes at this time to  
19 approve their use and distribution as in the public interests of  
20 the Successor Agency and applicable taxing entities;  
21

22 **NOW, THEREFORE**, the Successor Agency to the Redevelopment  
23 Agency for the County of Riverside RESOLVES as follows:  
24

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

1  
2  
3       2.   Approval of Official Statement.   The Successor Agency  
4 hereby approves the preliminary Official Statement in  
5 substantially the forms on file with the Secretary of the  
6 Successor Agency.  Distribution of the preliminary Official  
7 Statement by the Authority and the underwriters of the Authority  
8 Bonds (the "Underwriters") is hereby approved, and, prior to the  
9 distribution of the preliminary Official Statement, the County  
10 Executive Officer and the Deputy County Executive Officer of the  
11 County of Riverside, on behalf of the Successor Agency (each, an  
12 "Authorized Officer"), each acting alone, are authorized and  
13 directed, on behalf of the Successor Agency, to deem the  
14 preliminary Official Statement "final" pursuant to Rule 15c2-12  
15 under the Securities Exchange Act of 1934 (the "Rule").  The  
16 execution of the final Official Statement, which shall include  
17 such changes and additions thereto deemed advisable by the  
18 Authorized Officers, and such information permitted to be  
19 excluded from the preliminary Official Statement pursuant to the  
20 Rule, is hereby approved for delivery to the Underwriters, and  
21 the Authorized Officers, each acting alone, are authorized and  
22 directed to execute and deliver the final Official Statement for  
23 and on behalf of the Successor Agency, and to deliver to the  
24 Underwriters a certificate with respect to the information set  
25 forth therein and to deliver to the Underwriter Continuing  
26  
27  
28



1  
2 Disclosure Certificates substantially in the forms appended to  
3 the final Official Statement.  
4

5 3. Underwriters. The selection of Citigroup Global  
6 Markets Inc. and Raymond James & Associates, Inc. as  
7 underwriters for the Refunding Bonds is hereby approved.  
8

9 4. Official Actions. The Authorized Officers and any and  
10 all other officers of the Successor Agency are hereby authorized  
11 and directed, for and in the name and on behalf of the Successor  
12 Agency, to do any and all things and take any and all actions,  
13 which they, or any of them, may deem necessary or advisable in  
14 connection with the issuance, sale and delivery of the Refunding  
15 Bonds, including the execution and delivery of all of the  
16 documents related thereto and necessary therefor. Whenever in  
17 this Resolution any officer of the Successor Agency is directed  
18 to execute or countersign any document or take any action, such  
19 execution, countersigning or action may be taken on behalf of  
20 such officer by any person designated by such officer to act on  
21 his or her behalf in the case such officer is absent or  
22 unavailable.  
23

24  
25 5. Effective Date. This Resolution shall take effect from  
26 and after the date of approval and adoption thereof.  
27  
28

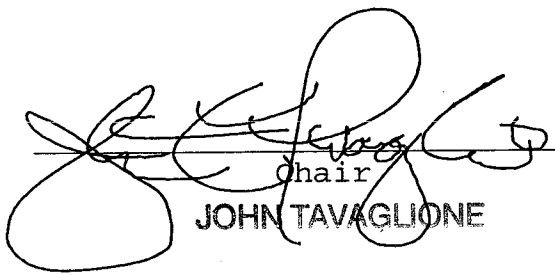
1 The foregoing resolution was passed and adopted by the  
2 Successor Agency to the Redevelopment Agency for the County of  
3 Riverside at a regular meeting held on the 21st day of March,  
4 2017, by the following vote:

5  
6 AYES: Jeffries, Tavaglione and Washington

7  
8 NOES: None

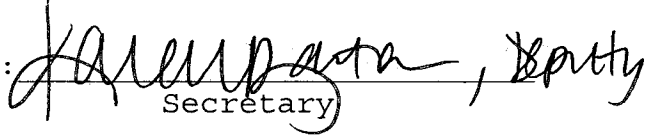
9  
10 ABSENT: Ashley

11  
12 ABSTAIN: None

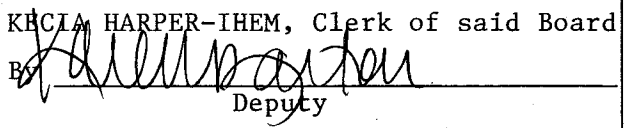
13  
14   
Chair  
15 JOHN TAVAGLIONE

16 (S E A L)

17 Attest: KECIA HARPER-IHEM

18 By:   
Secretary

19  
20 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.

21 KECIA HARPER-IHEM, Clerk of said Board  
22   
Deputy

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2017**

**NEW ISSUE  
BOOK-ENTRY ONLY**

**RATINGS: INSURED RATING: S&P: “\_\_\_”  
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 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, that for the purposes of computing the alternative minimum tax imposed on certain corporations such interest is required to be taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the 2017 Series A Bonds, or the amount, accrual or receipt of interest on the Bonds. See “OTHER INFORMATION – Tax Matters” herein.*

\$ \_\_\_\_\_\*

**Riverside County Public Financing Authority  
2017 Series A Tax Allocation Revenue Bonds  
(Desert Communities and Interstate 215 Corridor Projects)**

**Dated: Date of Delivery**

**Due: October 1, as shown herein**

The Riverside County Public Financing Authority 2017 Series A Tax Allocation Revenue Bonds (Desert Communities and Interstate 215 Corridor Projects) (the “Bonds”) are being issued by the Riverside County Public Financing Authority (the “Authority”) to provide funds to purchase separate bonds (the “Agency Bonds”) being issued by the Successor Agency to the Redevelopment Agency for the County of Riverside (the “Agency” or “Successor Agency”) to assist in refinancing certain redevelopment activities with respect to the Desert Communities and Interstate 215 Corridor Projects of the Agency (together, the “Project Areas”), as further described herein.

The Bonds will be secured under an Indenture of Trust (the “Indenture”), dated as of May 1, 2017, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The Bonds will be secured by a pledge of, security interest in and lien on the Revenues (as defined in the Indenture), which consist principally of payments to be made by the Agency to the Authority as debt service on the Agency Bonds (as defined below). The Agency Bonds are secured under two separate Indentures of Trust, each dated as of May 1, 2017, by and between the Agency and the Trustee (the “Agency Bonds Indentures”). The payments due under the Agency Bonds Indentures are secured by a pledge of, security interest in and lien on Tax Revenues (as defined in the Agency Bonds Indentures and described herein) consisting of tax increment revenues allocated as described herein and subject to certain Pass-Through Agreements and Statutory Pass-Through Obligations of the Agency. The Agency has covenanted not to issue any obligations payable from Tax Revenues, described herein, on a senior basis to the Agency Bonds. See “SECURITY FOR THE BONDS” and “SECURITY FOR THE AGENCY 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 Authority 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 as described herein. See “THE BONDS — Redemption of the Bonds” herein.**

[The scheduled payment of principal of and interest on the Bonds, as indicated on \_\_\_\_\_, when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by [TO COME].

[Each series of the Agency Bonds are also secured by a Municipal Bond Debt Service Reserve Insurance Policy issued by \_\_\_\_\_.]

The Bonds are a special obligation of the Authority payable solely from certain payments from the Agency and certain other funds. Neither the County of Riverside, the State of California nor the Authority 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 Agency, the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the Agency, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriations for their payment. Neither the Authority nor the Agency has taxing power.

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 Authority by Best Best & Krieger LLP, Riverside, California, as Disclosure Counsel. Certain matters will be passed upon for the Authority and the Agency by the Office of the County of Riverside County Counsel, 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 in definitive form on or about \_\_\_\_\_, 2017.

**Citigroup**

**Raymond James**

Dated: April 14, 2016

\* Preliminary, subject to change.

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

\$ \_\_\_\_\_\*

**Riverside County Public Financing Authority  
2017 Series A Tax Allocation Revenue Bonds  
(Desert Communities and Interstate 215 Corridor Projects)**

**MATURITY SCHEDULE**

\$ \_\_\_\_\_  
**Serial Bonds**  
(Base CUSIP<sup>†</sup>: \_\_\_\_\_)

<b><u>Maturity Date</u></b> <b><u>(October 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>CUSIP</u></b> <sup>†</sup>
--	---	-----------------------------	---------------------	---------------------	----------------------------------

\$ \_\_\_\_\_\* \_\_\_\_\_% Term Bond Due October 1, \_\_\_\_\_, Yield: \_\_\_\_\_%, Price: \_\_\_\_\_, CUSIP: \_\_\_\_\_

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\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by S&P Capital IQ. Copyright© 2017 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. The Riverside County Public Financing Authority 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 Authority or 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 Authority or 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 Authority or 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 Authority or 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 Authority or the Successor Agency disclaim 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 Authority or 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) or Agency Bonds Indentures (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 Authority or 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.

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**RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY  
AUTHORITY/COUNTY BOARD OF SUPERVISORS**

Kevin Jeffries, District 1  
John F. Tavaglione, District 2  
Chuck Washington, District 3  
[Vacant], District 4  
Marion Ashley, District 5

**AUTHORITY STAFF**

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

**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

## LOCATION MAP



## **PROJECT AREAS MAPS**

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**Riverside County Public Financing Authority  
2017 Series A Tax Allocation Revenue Bonds  
(Desert Communities and Interstate 215 Corridor Projects)**

**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 and appendices hereto, provides information in connection with the issuance by the Riverside County Public Financing Authority (the “Authority”) of \$ \_\_\_\_\_ Riverside County Public Financing Authority 2017 Series A Tax Allocation Revenue Bonds (Desert Communities and Interstate 215 Corridor Projects) (the “Bonds”).

**Purpose**

The Bonds are being issued to provide funds to purchase two series of bonds of the Successor Agency to the Redevelopment Agency for the County of Riverside (the “Agency” or the “Successor Agency”) further described herein (the “Agency Bonds”). The Agency Bonds are being issued (i) to refinance certain outstanding bonds of the now dissolved Redevelopment Agency for the County of Riverside (the “Former Agency”), (ii) to satisfy the reserve requirement for the reserve account for the Agency Bonds with cash or the provision of a the Reserve Policy (as hereinafter defined) for each of the Agency Bonds, defined herein, and (iii) to pay costs of issuance of the Bonds and the Agency Bonds, which may include financial guaranty insurance premium for the Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

**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.

**The Authority**

The Authority was established pursuant to a Joint Exercise of Powers Agreement, dated as of March 20, 1990, by and between the County of Riverside (the “County”) and the Redevelopment Agency for the County of Riverside, pursuant to Chapter 5, Division 7, Title 1 of the California Government Code (the “Act”). The Authority has the power under the Act to acquire the bonds and other obligations of local agencies (as such term is defined in the Act). The Board of Supervisors of the County (the “Board”) serves as the Board of Directors of the Authority.

**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.

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\* Preliminary, subject to change.

Pursuant to the Dissolution Act, defined herein, 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 Areas” below. See also “SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY” for a discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

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

## **The Project Areas**

*Desert Communities Redevelopment Project.* The Redevelopment Plan for the Project Area was adopted by the County Board of Supervisors on December 23, 1986. The Project Area consists of ten sub-areas and represents approximately 29,668 acres which produce tax increment in the Project Area. See “DESERT COMMUNITIES REDEVELOPMENT PROJECT AREA.”

*Interstate 215 Corridor Redevelopment Project.* The Redevelopment Plan for the Project Area was adopted by the County Board of Supervisors on December 23, 1986. The Project Area consists of several sub-area and represents approximately 21,695 total acres. See “INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT AREA.”

Under the Dissolution Act, the Agency Bonds are secured by a pledge of, and payable from moneys representing designated property tax (formerly tax increment revenues) related to each Project Area under the related Agency Bonds Indenture, which will include, 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, 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 AGENCY BONDS – Pledge of Tax Revenues.”

## **Authority for Issuance of the Bonds and the Agency Bonds**

The Bonds are being issued by the Authority pursuant to the provisions of the Act. The Agency Bonds are being issued by the Successor Agency pursuant to the provisions of 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 County of Riverside (the “County”) has developed a program with the Authority to assist successor agencies within the County to refund tax increment obligations pursuant to the Dissolution Act in order to provide debt service savings to such successor agencies and to increase property tax revenues available for distribution to affected taxing entities.

The two separate series of Agency Bonds to be issued by the Successor Agency consist of its tax allocation refunding bonds designated as \$\_\_\_\_\_ Desert Communities Redevelopment Project Area 2017 Tax Allocation Refunding Bonds, Series D (the “2017 Series D Bonds”) and \$\_\_\_\_\_ Interstate 215 Corridor Redevelopment Project Area, 2017 Tax Allocation Refunding Bonds, Series E (the “2017 Series E

Bonds”) pursuant to two separate Indentures of Trust each dated as of \_\_\_\_\_, 2017 (each an “Agency Bonds Indenture” and together, the “Agency Bonds Indentures”), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A. (the “Agency Trustee”), the proceeds of which will be used to refund all or a portion of certain bonds of the Successor Agency as more fully described herein. Proceeds of the Bonds will be used to purchase the Agency Bonds.

The Agency 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 (“AB 1484”) and as further amended on September 22, 2015 by Senate Bill 107 (“SB 107” and together the “Dissolution Act”) and Article 11 (commencing with Section 53588) of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California (the “Refunding Law”).

The Bonds will be special, limited obligations of the Authority, payable from and secured by Revenues (as defined herein) of the Authority, consisting primarily of payments on the Agency Bonds received by the Authority from the Successor Agency. The Agency Bonds will be payable from and secured by, designated “Tax Revenues” (as defined below) which consist primarily of property tax revenues (formerly tax increment revenues) from the respective Project Areas under the related Agency Bond Indenture, which will include, moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund provided in the California Health and Safety Code as more fully described herein. Payments under the Agency Bonds are calculated to be sufficient to permit the Authority to pay the principal of, premium, if any, and interest on the Bonds when due. The Agency Bonds will be registered in the name of the Trustee and Agency Bond payments will be paid to the Trustee as assignee of the Authority. See “SECURITY FOR THE BONDS” and “SECURITY FOR THE AGENCY BONDS.”

The issuance of the Agency Bonds was subject to approvals 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.”

The Oversight Board for the Successor Agency approved the issuance of the Agency Bonds by the Successor Agency by resolution adopted on January 19, 2017. The Department of Finance of the State of California released its letter approving the Oversight Board Resolution approving the issuance of the Bonds on \_\_\_\_\_, 2017. See Appendix H “STATE DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE BONDS.”

### **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 and the Agency Bonds**

**Authority Bonds.** The Bonds are secured by a lien on and pledge of Revenues made in the Indenture. Under the Indenture, “Revenues” means: (a) all amounts payable by the Successor Agency to the Authority or the Trustee pursuant to the Agency Bonds, other than (i) administrative fees and expenses and indemnity against claims payable to the Authority and the Trustee and (ii) amounts payable to the United States of America pursuant to the Agency Bonds Indentures; (b) any proceeds of Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established under the Indenture; (c) investment income with respect to any moneys held by the Trustee in the funds and accounts established under the Indenture; and (d) any other investment income received under the Indenture.

The Bonds will be special obligations of the Authority, 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. The Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of or redemption premium, if any, or interest on the Bonds except from Revenues. Neither the State nor any public agency (other than the Authority) nor any member of the Authority 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 or any member of the Authority 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 Authority) or any member of the Authority.

**Agency Bonds.** The Agency Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues under the Agency Bonds Indentures, and the Agency is not obligated to pay debt service on the Agency Bonds except from such Tax Revenues. The Agency Bonds shall be also equally secured by the pledge and lien created with respect to the Agency Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. The Agency Bonds are payable as set forth in the Agency Bonds Indentures, are not a debt of the County, the State of California or any other political subdivision of the State, and neither the State, the County nor any of the State’s other political subdivisions is liable therefor, nor in any event shall the Agency Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Agency Bonds Indentures. The Agency Bonds have their own payment schedule which has been sized to pay debt service on the Bonds. APPENDIX D “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS” attached hereto.

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 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. Tax Revenues (as defined under the caption “SECURITY FOR THE AGENCY BONDS – Tax Revenues”) consist of a portion of such incremental tax revenues.

**Additional Debt.** The Authority may not issue or incur any obligations payable from Revenues. As more fully described under “SECURITY FOR THE AGENCY BONDS,” the Agency may issue or incur additional obligations on a parity with the pledge of the Tax Revenues securing the applicable Agency Bonds only with respect to the refunding of the Bonds. The Successor Agency may issue and deliver any Parity Debt subject to certain conditions precedent set forth in the Agency Bonds Indenture and described below. Nothing



in the Agency Bonds Indentures shall prevent the Successor Agency from issuing or incurring Subordinate Debt subject to certain conditions precedent set forth in the Agency Bonds Indenture and described below. The Agency Bonds Indenture prohibits the Successor Agency from issuing any obligations with a lien on Tax Revenues senior to the lien of the Agency Bonds.

***Outstanding Parity Bonds.*** As more fully described under “SECURITY FOR THE AGENCY BONDS,” the Agency has outstanding certain bonds issued by the Former Agency and Successor Agency on behalf of each Project Area that are payable on a parity basis with the Agency Bonds.

*Desert Communities Redevelopment Project.* The Former Agency issued its \$71,72,000 original principal amount of Desert Communities Project Area 2006 Tax Allocation Bonds, Series D (the “Desert Communities 2006 Bonds”), currently outstanding in the aggregate principal amount of \$1,620,000, \$32,415,000 original principal amount of Desert Communities Redevelopment Project Area 2010 Tax Allocation Bonds, Series D (the “Desert Communities 2010 Bonds”), currently outstanding in the aggregate principal amount of \$28,305,000 and which will be refunded by the Bonds. The Successor Agency issued its \$28,130,000 Desert Communities Redevelopment Project Area 2014 Tax Allocation Refunding Bonds, Series D currently outstanding in the aggregate principal amount of \$26,765,000 (the “Desert Communities 2014 Bonds”), the Successor Agency has also issued its \$13,620,000 Desert Communities Redevelopment Project Area 2015 Tax Allocation Refunding Bonds, Series D which are outstanding in the amount of \$13,620,000 (the “Desert Communities 2015 Bonds”) and the \$50,800,000 Desert Communities Redevelopment Project Area 2016 Tax Allocation Refunding Bonds, Series D (the “Desert Communities 2016 Bonds,” and together with the Desert Communities 2014 Bonds and the Desert Communities 2015 Bonds, the “Desert Communities Parity Bonds”). The 2017 Series D Bonds are payable from Tax Revenues on a parity with the Desert Communities Parity Bonds.

*Interstate 215 Corridor.* The Former Agency has also issued its \$50,520,000 original principal amount of Interstate 215 Corridor Redevelopment Project Area 2010 Tax Allocation Bonds, Series E (the “Interstate 215 2010 Bonds”) currently outstanding in the principal amount of \$46,705,000 and which will be refunded by the Bonds. Additionally, the Successor Agency issued its \$16,545,000 Interstate 215 Corridor Redevelopment Project Area 2014 Tax Allocation Refunding Bonds, Series E currently outstanding in the aggregate principal amount of \$15,790,000 (the “Interstate 215 2014 Bonds”), the Successor Agency issued its \$18,875,000 Interstate 215 Corridor Redevelopment Project Area, 2015 Tax Allocation Refunding Bonds, Series E currently outstanding in the original principal amount of \$18,260,000 (the “Interstate 215 2015 Bonds”), and the \$21,730,000 Interstate 215 Corridor Redevelopment Project Area, 2016 Tax Allocation Refunding Bonds, Series E (the “Interstate 215 2016 Bonds,” and together with the Interstate 215 2014 Bonds and the Interstate 215 2015 Bonds, the “Interstate 215 Corridor Parity Bonds”). The 2017 Series E Bonds are payable from Tax Revenues on a parity with the Interstate 215 Corridor Parity Bonds.

***Outstanding Subordinate Bonds.*** The Former Agency issued its \$12,579,720 Interstate 215 Corridor Redevelopment Project 2011 Second Lien Tax Allocation Bonds Series E (the “I-215 2011 Bonds”), of which \$11,369,720 remain outstanding which are payable on a basis subordinate to the payment of the Bonds and the Parity Bonds. Additionally, the Desert Communities Project Area issued its \$6,475,000 2011 Second Lien Tax Allocation Bonds Series D of which \$5,700,000 remain outstanding (the “DCPA 2011 Bonds”).

***Development Agreement.*** The Former Agency has previously entered into a separate Development Agreement which provides for the payment of debt service to a community facilities district and is payable on a senior basis to the payment of debt service on the 2017 Series E Bonds. The annual obligation is approximately \$350,000. See “INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT – Owner Participation Agreement,” herein.

## **Municipal Bond Insurance**

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## **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 and the Agency Bonds under the Indenture and the Agency Bonds Indentures.

C. M. de Crinis & Co., Inc., Glendale, California, has acted as Municipal Advisor to the Authority and 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 and the Agency 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. Certain legal matters will be passed on for the Authority and the Agency by the Office of the County of Riverside County Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, will be acting as counsel to Citigroup Global Markets Inc. on behalf of itself and Raymond James & Associates, Inc. (collectively, the “Underwriter”). The fees and expenses of the Financial Advisor, Bond Counsel, Disclosure Counsel and Underwriter’s 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 Successor 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 required under the Continuing Disclosure Agreement. The Authority will act as Dissemination Agent and will ensure that the annual reports and notices are filed with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”). See the caption “OTHER INFORMATION – Continuing Disclosure” and APPENDIX G “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

## **Reference to Underlying Documents**

Brief descriptions of the Bonds, the Indenture, the Agency Bonds Indenture, the Agency, the Authority, the County, the Successor Agency, the 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 are qualified in their entirety by reference to such document, statute, report or instrument, copies of which are all available for inspection at the offices of the Successor 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 LEGAL DOCUMENTS” attached hereto.

## PLAN OF FINANCE

The Bonds are being issued to provide funds to purchase the Agency Bonds. The Agency Bonds of each series are being issued (i) to refinance redevelopment activities with respect to the Project Areas, (ii) to satisfy the reserve requirement for the reserve account for the related Agency Bonds, and (iii) to pay costs of issuance of the Bonds and the Agency Bonds, which may include the cost of financial guaranty insurance premium for the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Former Agency previously issued its \$71,725,000 principal amount of Desert Community Redevelopment Project 2006 Tax Allocation Bonds, Series D (the “2006 Series D Bonds”) currently outstanding in the aggregate principal amount of \$1,620,000. The 2006 Series D Bonds were issued pursuant to an Indenture of Trust (the “2006 Series D Indenture”) dated as of October 1, 2006, between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “2006 Series D Trustee”).

The Former Agency previously issued its \$32,415,000 original principal amount of Desert Communities Redevelopment Project 2010 Tax Allocation Bonds, Series D (the “2010 Series D Bonds”) currently outstanding in the aggregate principal amount of \$28,305,000. The 2010 Series D Bonds were issued pursuant to an Indenture of Trust (the “2010 Series D Indenture”) dated as of July 1, 2010, between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “2010 Series D Trustee”).

The Former Agency previously issued its \$50,520,000 original principal amount of Interstate 215 Corridor Redevelopment Project 2010 Tax Allocation Bonds, Series E (the “2010 Series E Bonds,” and together with the 2006 Series D Bonds and the 2010 Series D Bonds, the “Prior Bonds”) currently outstanding in the aggregate principal amount of \$47,400,000. The 2010 Series E Bonds were issued pursuant to an Indenture of Trust (the “2010 Series E Indenture” and together with the 2006 Series D Indenture and the 2010 Series D Indenture, the “Prior Indentures”) dated as of July 1, 2010, between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “2010 Series E Trustee,” and together with the 2006 Series D Trustee and the 2010 Series D Trustee, the “Prior Trustee”).

On the date of issuance of the Agency Bonds, a portion of the proceeds will be transferred to the Prior Trustee for deposit into the redemption fund established for each series of the Prior Bonds, under certain Irrevocable Refunding Instructions for each series of the Prior Bonds dated the date of issuance of the Bonds (collectively, the “Refunding Instructions”) delivered by the Successor Agency to the Agency Trustee. The amount deposited in the redemption fund for the Prior Bonds, together with other available moneys, will be invested in certain federal securities and irrevocably pledged for the redemption of the Prior Bonds on \_\_\_\_\_, 2017. The 2006 Bonds are callable on any date. The 2010 Bonds will be redeemed on October 1, 2020 which is their first optional call date.

The sufficiency of the deposits in the redemption fund for the 2006 Series D Bonds, 2010 Series D Bonds and 2010 Series E 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 2006 Series D Indenture, 2010 Series D Indenture and 2010 Series E Indenture related to the 2006 Series D Bonds, 2010 Series D Bonds and 2010 Series E Bonds respectively, will be discharged.

The amounts held and invested by the Prior 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 Prior Indentures. Neither the funds deposited in the Redemption Fund for the Prior Bonds nor the interest on the invested funds will be available for the payment of debt service on the Agency Bonds or the Bonds.

See “ESTIMATED SOURCES AND USES OF FUNDS” below. See also “OTHER INFORMATION – Verification of Mathematical Accuracy.”

**ESTIMATED SOURCES AND USES OF FUNDS**

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

<u>Sources:</u>	
Par Amount of Bonds	\$ _____
Net Original Issue Premium	_____
Funds in Bond Accounts	_____
TOTAL SOURCES	\$ _____
 <u>Uses:</u>	
Deposit to Bond Purchase Fund:	\$ _____
Costs of Issuance <sup>(1)</sup>	_____
TOTAL USES:	\$ _____

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

	<u><b>2017 Series D</b></u>	<u><b>2017 Series E</b></u>
<u>Sources:</u>		
Par Amount of Agency Bonds		
Net Original Issue Premium		
Less: Costs of Issuance <sup>(1)</sup>		
Plus funds on hand for Prior Bonds		
TOTAL SOURCES:		
 <u>Uses:</u>		
Deposit to Redemption Funds		
Debt Service Reserve Fund		
TOTAL USES:		

<sup>(1)</sup> Includes Underwriter's Discount, legal fees, printing, rating agency fees and expenses, fees of the Financial Advisor, fees of the Fiscal Consultant, Policy premium, Reserve Policy premiums and other issuance costs of the Bonds and the Agency Bonds. The 2010 Bonds for DCPA and I-215 need to have cash funded debt service reserve funds, the 2006 DCPA Bonds can have a surety.

**ANNUAL DEBT SERVICE REQUIREMENTS OF THE BONDS**

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

<b>Year Ending (October 1)</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			

**AGGREGATE  
ESTIMATED DEBT SERVICE COVERAGE**

<b><u>Fiscal Year</u></b>	<b>2017 Series D Bonds <u>Debt Service</u></b>	<b>2017 Series E Bonds <u>Debt Service</u></b>	<b>Total <u>Revenues</u></b>	<b>Bond <u>Debt Service</u></b>	<b>2017 Debt Service <u>Coverage</u></b>

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Source: The Underwriter.

## 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 Authority, on any date on or after October 1, \_\_\_\_ as a whole or in part, by such maturities as shall be determined by the Authority (based on the maturities of the Agency Bonds being redeemed) and by lot within a maturity from any available source of funds at a redemption price equal to the principle amount of Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

***Mandatory Sinking Fund Redemption.*** The Bonds maturing October 1, \_\_\_\_ shall also be subject to redemption or prior purchase in part by lot, from Sinking Account payments made by the Authority at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased by the Authority as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the Bonds have been redeemed at the option of the Authority, the total amount of all future Sinking Account payments payable with respect to the maturity redeemed shall be reduced by the aggregate principal amount of the maturity so redeemed, to be allocated among such Sinking Account payments in integral multiples of \$5,000 as determined by the Authority.

**Term Bonds Maturing October 1,**

**Sinking Account  
Redemption Date  
(October 1)**

**Principal Amount  
To be Redeemed  
or Purchased**

In lieu of redemption of the Term Bonds pursuant to this subsection (b), proceeds of the purchase by the Successor Agency of Agency Bonds or other available moneys shall be used by the Authority or by the Trustee, upon the Request of the Authority received prior to the selection of Bonds for redemption, for the purchase of the Bonds, at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Authority may in its discretion determine. The par amount of any Bonds so purchased by or upon the Request of the Authority in any twelve-month period ending on August 1 in any year shall be credited towards and shall reduce the par amount of the Bonds required to be redeemed on October 1 in such year; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said August 1.

***Mandatory Redemption Upon Acceleration of Agency Bonds.*** The Bonds shall also be subject to mandatory redemption in whole or in part as provided below (and by lot within a maturity), on any date, from amounts credited towards the payment of principal of any Agency Bonds coming due and payable solely by reason of acceleration of such Agency Bonds pursuant to the Agency Bonds Indenture, at a redemption price equal to the principal amount of the Bonds to be redeemed, without premium, together with accrued interest thereon to the redemption date. The Bonds shall be subject to such redemption solely from amounts credited towards the payment of any Agency Bonds which has become due and payable by reason of acceleration, and shall not be subject to redemption from any amounts credited towards the payment of matured principal which has become due and payable.

The Authority shall ensure that the Bonds selected for redemption as a result of acceleration of maturities shall be selected for acceleration based on the Successor Agency Bonds, if any, being concurrently accelerated, and in a manner that does not, in and of itself, adversely affect the Authority's ability to pay debt service on the Bonds not subject to redemption in a timely manner.

**Notice of Redemption; Rescission**

The Trustee on behalf and at the expense of the Authority shall mail (by first class mail) notice of any redemption to the Insurer, if applicable, and to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories (as defined under the Indenture) and to one or more Information Services (as defined under the Indenture), at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed 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 date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The Authority shall have the right to rescind any optional redemption 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 Authority 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.

The Authority shall ensure that the Bonds to be optionally redeemed shall be selected for redemption based on the Agency Bonds, if any, being concurrently optionally redeemed, and in a manner that does not adversely affect the Authority's ability to pay debt service on the Bonds in a timely manner.

### **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 the Indenture shall be canceled by the Trustee.



## SECURITY FOR THE BONDS

### Special Obligations

The Bonds will be special obligations of the Authority, 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, solely from Revenues and funds on deposit in certain funds and accounts established under the Indenture. The Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of or redemption premium, if any, or interest on the Bonds except from the Revenues. Neither the State nor any public agency (other than the Authority) nor any member of the Authority 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 or any member of the Authority 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 Authority) or any member of the Authority.

### Pledge of Revenues

*Pledge Under the Indenture.* Pursuant to the Indenture, the Revenues are pledged to the payment of the debt service on the Bonds, together with funds on deposit in the funds and accounts established by the Indenture. The Indenture defines “Revenues” to mean (a) all amounts payable by the Agency to the Authority or the Trustee pursuant to the Agency Bonds, other than (i) administrative fees and expenses and indemnity against claims payable to the Authority and the Trustee and (ii) arbitrage rebate amounts payable to the United States of America; (b) any proceeds of Bonds originally deposited with the Trustee and all moneys deposited and held from time to time by the Trustee in the funds and accounts established thereunder; (c) investment income with respect to any moneys held by the Trustee in funds and accounts established thereunder; and (d) any other investment income received under the Indenture. Upon a default of the Bonds, the Trustee may be paid its expenses from Revenues on a basis prior to the payment of debt service on the Bonds. See APPENDIX D “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS.”

Subject to the provisions of the Indenture, the Bonds shall be secured by a first lien on and pledge of all of the Revenues and a pledge of all of the moneys in the Revenue Fund, the Interest Account and the Principal Account, including all amounts derived from the investment of such moneys. The Bonds shall be equally secured by a pledge, charge and lien upon the Revenues and such moneys without priority for number, date of Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any thereof shall be and are secured by an exclusive pledge, charge and lien upon the Revenues and such moneys. So long as any of the Bonds are Outstanding, the Revenues and such moneys shall not be used for any other purpose; except that out of the Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

The Authority transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the Agency Bonds and the Agency Bonds Indenture. The Trustee shall be entitled to and shall receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall, with the consent or at the direction of the Insurer and subject to the provisions of the Indenture, be entitled to and shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the Successor Agency under the Agency Bonds.

All Revenues shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust under the Indenture.

Three (3) Business Days prior to each Interest Payment Date, or as soon thereafter as the Trustee receives payments of debt service on the Agency Bonds, the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee shall establish and maintain within the Revenue Fund), the following amounts in the following order of priority, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

***Interest Account.*** Not less than three (3) Business Days prior to each Interest Payment Date, or as soon thereafter as the Trustee receives payments of debt service on the Agency Bonds, the Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Bonds on the next succeeding Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity). All amounts on deposit in the Interest Account on the first day of any Bond Year, to the extent not required to pay any interest then having come due and payable on the Outstanding Bonds, shall be withdrawn therefrom by the Trustee and transferred to the Successor Agency to be used for any lawful purpose of the Successor Agency.

***Principal Account.*** Not less than three (3) Business Days prior to each Interest Payment Date, or as soon thereafter as the Trustee receives debt service on the Agency Bonds, on which the principal of the Bonds shall be payable, the Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the Bonds coming due and payable on such Interest Payment Date, or the redemption price of the Bonds required to be redeemed on such Interest Payment Date. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of (i) paying the principal of the Serial Bonds at the maturity thereof, or (ii) paying the principal of the Term Bonds upon the mandatory sinking fund redemption pursuant to the Indenture or upon the maturity thereof, or (iii) paying the redemption price of Bonds upon the redemption thereof. All amounts on deposit in the Principal Account on the first day of any Bond Year, to the extent not required to pay the principal of any Outstanding Bonds then having come due and payable, shall be withdrawn therefrom and transferred to the Successor Agency to be used for any lawful purpose of the Successor Agency.

#### **No Reserve Fund**

The Authority has not created a debt service reserve under the Indenture. The Successor Agency has created separate reserve accounts under the Agency Bonds Indentures for each series of Agency Bonds. See "SECURITY FOR THE AGENCY BONDS – Funds and Accounts," for a description of such reserve accounts.

#### **Additional Bonds**

The Authority has covenanted in the Indenture not to issue additional bonds or obligations secured from Revenues.

## SECURITY FOR THE AGENCY BONDS

### Tax Increment Financing Generally

The Agency Bonds will be special obligations of the Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues, and funds on deposit in certain funds and accounts established under the Agency Bonds Indentures, and the Agency is not obligated to pay such principal and interest except from Tax Revenues from the applicable Project Area. The Agency Bonds shall be also equally secured by the pledge and lien created with respect to the Agency Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. The Agency Bonds are payable as set forth in the Agency Bonds Indentures, are not a debt of the County, the State of California or any other political subdivision of the State, and neither the State, the County nor any of the State's other political subdivisions are liable therefor, nor in any event shall the Agency Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Agency Bonds Indentures. The Agency Bonds have their own payment schedule which have been sized in the aggregate to pay debt service on the Bonds.

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 Agency Bonds Indentures, 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 Agency Bonds and Parity Debt, together with moneys on deposit in the funds and accounts. See Tables 11, 20 and 29, herein showing the projected Tax Revenues for each Project Area, and debt service coverage on the Agency Bonds.

“Tax Revenues” means all taxes annually allocated and paid to the Successor Agency with respect to the related 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 Agency 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 (vi) the Former Agency’s 2011 Taxable Tax Allocation Housing Bonds, Series A-T, (vii) 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 Agency 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 Under Agency Indentures - Special Fund; Deposit of Tax Revenues.*” In addition, the Bonds and all Parity Debt, shall, subject to certain provisions of the related Agency Bonds 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 Agency Bonds shall be also equally secured by the pledge and lien created with respect to the Agency 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, 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 Agency Bonds of each series are secured by the pledge and lien created with respect to the Agency 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 Agency Bonds. See “Successor Agency to the Redevelopment Agency for the County of Riverside Other Project Areas,” herein.

In consideration of the acceptance of the Agency Bonds by those who shall hold the same from time to time, the Agency Bonds Indentures shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Agency Bonds, and the covenants and agreements set forth in the Agency Bonds Indentures 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 Agency Bonds without preference, priority or distinction as to security or otherwise of any of the Agency 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 Agency Bonds Indentures.

***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 Areas that were adopted prior to 1994 (the “Pass Through Agreements”). See APPENDIX A “REPORT OF FISCAL CONSULTANT – Fiscal Agreements” and “SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – 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 Agency 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 “SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – 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, 2016, \$154,358,028 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, “SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – 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 the discussions relating to each 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 “SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – 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 Agency Bonds. The Successor Agency has taken action to subordinate the pass-through payments of the Agency Bonds per the provisions of Section 34177.5(c) pursuant to letters to the taxing agencies.

See “SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – 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 Agency 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 Agency 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 Agency Bonds will be included in the Successor Agency’s Recognized Obligation Payment Schedules as prepared from time to time under the Dissolution Act.

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

## **Recognized Obligation Payment Schedule**

The Dissolution Act requires that 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 taken action to submit a Last and Final Recognized Obligation Payment Schedule and does not currently plan 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 Agency Bonds Indentures, 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 Agency Bonds Indentures. Further, it promises to take all actions required under the Dissolution Act to include scheduled debt service on the Agency Bonds and any Parity Debt, all amounts required to be deposited into the Special Fund pursuant to the Agency Bonds Indentures, as well as any amount required under the Agency Bonds Indentures to replenish the respective Reserve Account and amounts required due to the Insurer with respect to the Policy for the Bonds and for each series of Agency Bonds, the Reserve Policy, 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 Agency Bonds, the Parity Bonds and to pay any amounts due to the Insurer with respect to the Policy for the Bonds, and for each series of Agency Bonds, and the Reserve Policy. 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 Agency Bonds Indentures. The Successor Agency has also covenanted in the Agency Bonds Indentures to calculate the amount of Tax Revenues received during each six-month period, 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 Agency Bonds Indentures.

In the event the provisions set forth in the Dissolution Act as of the Closing Date of the Agency Bonds that relate to the filing of ROPS are amended or modified in any manner, the Successor Agency agrees to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of (i) Tax Revenues at such times and in such amounts as to comply with the



requirements of the Agency Bonds Indenture by claiming and receiving all Tax Revenues for each Bond Year on January 2 of such Bond Year (to the extent Tax Revenues are available in such amounts) and, in the event such new procedures do not allow the Successor Agency to fully comply with the Agency Bonds Indenture, (ii) not less than one half of debt service due during each Bond Year on all Outstanding Bonds prior to April 1 of such Bond Year, and (iii) the remainder of debt service due during such Bond Year on all Outstanding Bonds prior to the next succeeding October 1.

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 Agency 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, the 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 the projected debt service coverage for each series of the Agency Bonds herein for additional information regarding the Statutory Tax Sharing Amounts applicable to the Successor Agency and the revenues derived from the related 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 Agency Bonds. See “BOND OWNERS’ RISKS.”

The Agency 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 Agency Bonds do not constitute indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

### **Funds and Accounts Under Agency Indentures**

The Agency Bonds Indentures establish the following funds and accounts with respect to the related Agency Bonds:

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. Each Agency Bonds Indenture establishes a special fund known as the “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 Agency Bonds Indentures, 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 not described in the paragraph shall be released from the pledge, security interest and lien under the Agency Bonds Indentures for the security of the Agency 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 Agency Bonds and the payment in full of all other amounts payable under the Agency Bonds Indentures, 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 Agency Bonds Indentures 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 Agency Bonds Indentures, and in order to insure the payment of debt service on the Agency 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 Agency Bonds Indentures, and to make the timely payment of debt service on the Agency 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 Agency Bonds are Outstanding. The Successor Agency agrees in the Agency Bonds Indentures that it will hold the Special Fund and the Parity Debt Special Funds as accounts within the 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 Agency Bonds and Parity Debt on a timely basis including all amounts due to the Insurer.

Debt Service Fund; Transfer of Amounts to Trustee. The Agency Bonds Indentures establish 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 Agency 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 Agency 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 Agency 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 Agency 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 Agency Bonds as it shall become due and payable (including accrued interest on any Agency Bonds purchased or redeemed prior to maturity pursuant to the Agency Bonds Indentures).

(b) Principal Account. On or before the sixth (6th) Business Day preceding each date on which principal of the Agency 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 Agency 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 Agency Bonds upon the maturity thereof.

(c) Sinking Account. On or before the sixth (6th) Business Day preceding each October 1 on which any Outstanding Agency Term Bonds become subject to mandatory redemption, or otherwise for purchases of Agency 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 Agency 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 Agency Term Bonds as it shall become due and payable upon redemption or purchase.

(d) Reserve Account. Amounts on deposit in the 2017 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 Agency Bonds and any other Parity Debt hereafter issued that the Successor Agency elects to be secured by the 2017 Subaccount of the Reserve Account. In the event that the Successor Agency elects to secure additional Parity Debt with the 2017 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 LEGAL DOCUMENTS – Reserve Account.”

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

***Reserve Requirement.*** The “Reserve Requirement” is defined in each Agency Bonds Indenture to mean, with respect to the Agency Bonds or any Parity Debt as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the Agency Bonds or Parity Debt, as applicable, provided that if the original issue discount of the Agency 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 Agency 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 Agency Bonds or Parity Debt, as applicable, or (iii) 125% of average Annual Debt Service on the Agency 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 Agency Bonds Indentures. 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 Agency Bonds and any Parity Debt, on a combined basis, as provided in the Agency Bonds Indentures, provided that the Trustee shall establish separate subaccounts for the proceeds of the Agency Bonds and any such Parity Debt to enable the Trustee to track the investment of the proceeds of the Agency Bonds and Parity Debt on an individual basis.

The Successor Agency has determined in the Agency Bonds Indentures to calculate the Reserve Requirement (i) for the 2017 Series D Bonds on a stand alone basis, and (ii) for the 2017 Series E Bonds on a stand alone basis.

“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 Agency 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 Agency Bonds or any Parity Debt (i) to the extent that amounts due with respect to the Agency Bonds or such Parity Debt are prepaid or otherwise discharged in accordance with the Agency Bonds Indentures 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 Agency Bonds Indentures.

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 Agency Bonds Indentures.

“Qualified Reserve Account Credit Instrument” means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Agency Bonds Indentures, 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 Agency Bonds Indentures; (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 Agency Bonds Indentures; 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 Qualified Reserve Account Credit Instruments or cash, as follows:

**TABLE 1**  
**REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE**  
**Reserve Account Funding**

<u>Outstanding Parity Debt</u>	<u>Cash Deposit</u>	<u>Credit Instrument</u>	<u>Stated Amount</u>	<u>Provider</u>
Desert Communities Redevelopment Project Area				
2006 Desert Community Series D Bonds	-	Surety Policy	\$1,620,000	National Public Finance Guarantee
2010 Desert Community Series D Bonds	\$ 2,363,225.00		-	
2014 Desert Community Series D Bonds		Surety Policy	2,472,077	AGM
2015 Desert Community Series D Bonds	-	Surety Policy	1,144,000	AGM
2016 Desert Communities Series D Bond		Surety Policy	<u>3,790,700</u>	BAM
Total	<u>\$ 2,363,225.00</u>	-	<u>\$9,026,777</u>	
Interstate 215 Corridor Redevelopment Project Area				
2010 Interstate 215 Corridor Series E Bonds	\$ 4,984,934.28			
2014 Interstate 215 Corridor Series E Bonds	1,467,712.64			
2015 Interstate 215 Corridor Series E Bonds	1,036,799.86			
2016 Interstate 215 Corridor Series E Bonds		Surety Policy	<u>\$1,582,650</u>	BAM
Total	<u>\$ 7,489,446.78</u>		<u>\$1,582,650</u>	

The Qualified Reserve Account Credit Instrument and Cash Deposits identified on Table 1 above deposited with respect to Outstanding Parity Debt are not available to pay the Agency Bonds. Likewise, the 2017 Reserve Subaccount is not available to pay debt service on the Outstanding Parity Debt. However, as discussed above, funds in the 2014, 2015, and 2016 Reserve Subaccount may secure any Parity Debt hereafter issued by the Successor Agency which the Successor Agency elects to be secured by the 2014, 2015, and 2016 Subaccount Account.

Rating agencies have downgraded or withdrawn the ratings on the claims-paying ability and financial strength of most of the nation’s bond insurance companies, including the providers of the Qualified Reserve Account Credit Instrument shown in Table 1 above. Deterioration in the financial condition of the provider of the Qualified Reserve Account Credit Instrument or a failure to honor a draw by this provider under its Qualified Reserve Account Credit Instrument could occur. The Agency is not required under the Agency Bonds Indentures to replace a Qualified Reserve Account Credit Instrument with cash or a replacement instrument in the event the ratings of its provider decline or are withdrawn. The Agency currently has no plans to replace such Qualified Reserve Account Credit Instrument with other instruments or cash.

**Additional Agency 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 Agency Bonds and the Parity Bonds. The Agency Bonds Indentures provide that the Successor Agency may issue or incur additional Parity Debt, solely for the purpose of refunding the Agency Bonds and any Parity Debt, subject to the conditions summarized in part below:

- (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 related Agency Bonds Indentures.
- (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 related Agency Bonds and Parity Debt which will be outstanding immediately following the issuance of such Parity Debt for each applicable succeeding Bond Year.

With respect to the I-215 Corridor Redevelopment Project in determining the amount of Tax Revenues for any future Fiscal Year, (i) if any single property owner owns property within the Project Area with an assessed value totaling more than five percent (5%) of the total assessed value in the Project Area, the Successor Agency shall disregard the assessed value in excess of five percent (5%) of the total assessed value in determining the Tax Revenues, and (ii) the Successor Agency shall increase the Tax Revenues for the future Fiscal Years by adding thereto amounts which at the time of calculation are payable by the Successor Agency under the Development Agreements but which cease to be so payable for such future Fiscal Years.

(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 related Agency Bonds Indentures 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 Agency Bonds Indentures 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 Agency Bonds Indentures:

(a) Failure to pay any installment of the principal of any Agency 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 Agency 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 Agency Bonds Indentures or in the Agency 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 Agency Bonds Indentures, 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 Agency 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 related Agency Bonds Indenture or in the Agency 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 Agency Bonds Indentures 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 the Agency Bonds Indenture.

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 related Agency 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 Agency 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 Agency Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Agency 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 Agency 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, the Owners of a majority of the principal amount of the Agency Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Agency 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**

[TO COME]

## SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

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

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

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

<u>Member</u>	<u>Term Expires</u>
Kevin Jeffries	January 2021
John F. Tavaglione	January 2019
Chuck Washington	January 2021
[Vacant]	January 2019
Marion Ashley	January 2019

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

### Oversight Board

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

### **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. See APPENDIX A – "REPORT OF FISCAL CONSULTANT."

### **Statutory Tax Sharing Payments**

The Sub-Areas added to the Project Areas after January 1, 1994 are subject to the special requirements of AB1290, which replaced tax increment caps and negotiated fiscal agreements with finite plan durations and statutory payments to taxing entities, among other requirements. The Redevelopment Plans were subsequently brought into conformance with plan duration and other provisions of AB1290. The California Legislature enacted Senate Bill 1045, Chapter 260, Statutes 2003, effective September 1, 2003 ("SB 1045") and Senate Bill 1096, Chapter 211, Statutes of 2004 ("SB 1096"). SB 1045 and AB 1096 provide, among other things, that the Redevelopment Plan for Project Areas 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 Areas are 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 as 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 has subordinated the statutory pass through payments to the repayment of the Agency Bonds.

### **Property Taxes and Inflation Rates**

The taxable values of property are established each year on the January 1 property tax lien date. Real property values reflect the reported assessed values for secured and unsecured land and improvements. The base year value of a parcel is the value established as the full market value upon a parcel's sale, improvement or other reassessment. Article XIII A of the California Constitution (Proposition 13) provides that a parcel's base year value is established when locally assessed real property undergoes a change in ownership or when new construction occurs. Following the year a parcel's base year value is first enrolled, the parcel's value is

factored annually for inflation. The term base year value does not, in this instance, refer to the base year value of the Project Area. Pursuant to Article XIII A, Section 2(b) of the State Constitution and California Revenue and Taxation Code Section 51, the percentage increase in the parcel’s value cannot exceed 2% of the prior year’s value.

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

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

**Historical Inflation Adjustment Factors**

<u>Fiscal Year</u>	<u>Inflation Adj. Factor</u>
2008-09	2.000%
2009-10	2.000
2010-11	-0.237
2011-12	0.753
2012-13	2.000
2013-14	2.000
2014-15	0.454
2015-16	1.998
2016-17	1.525
2017-18	2.000

Source: State of California Board of Equalization.

**Supplemental Assessment Revenues**

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

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

## **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 RPTFF on January 2 and the other one-half on June 1; delinquencies are not deducted from the Redevelopment Property Tax Trust Fund revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to Redevelopment Property Tax Trust Fund revenue. Consequently, the Agency is currently not affected by delinquent tax payments. However, the County Auditor-Controller's office has indicated that the County may cease to use this mechanism at some future date. There is no indication of when or whether this change may occur or what tax increment distribution mechanism would replace it.

## **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, 2015, 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**

The projections of tax increment revenues and Tax Revenues pledged to repay the Bonds, for each series of the Agency, are shown under the discussion of each Project Area. 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. Each Project Area is responsible for its Pro Rata Share of Housing Debt Service. Reductions in assessed value in any other project area can have the result of increasing the Pro Rata Share of Housing Debt Service in each Project Area, in particular, energy facilities in the Mid-County Redevelopment Project Area and the Interstate 215 Corridor Redevelopment Project Area, have had large reductions in assessed value as directed by the State Board of Equalization. A significant decrease in the assessed value of such a 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 each of the Project Area's Pro Rata Share of Housing Debt Service and result in a corresponding reduction in the amount of Tax Revenues available to pay debt service on the Bonds.

## **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 Project Areas after January 1, 1994 are subject to the special requirements of AB1290, which replaced tax increment caps and negotiated fiscal agreements with finite plan durations and

statutory payments to taxing entities, among other requirements. The Redevelopment Plans were subsequently brought into conformance with plan duration and other provisions of AB1290. The California Legislature enacted Senate Bill 1045, Chapter 260, Statutes 2003, effective September 1, 2003 (“SB 1045”) and Senate Bill 1096, Chapter 211, Statutes of 2004 (“SB 1096”). SB 1045 and AB 1096 provide, among other things, that the Redevelopment Plan for the Project Area may be amended to add up to three years to the effectiveness of the Redevelopment Plan and 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 Areas are 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.

### **Other Project Areas**

There are a total of 5 active redevelopment project areas administered by the Successor Agency. NONE OF THE TAX REVENUE GENERATED FROM PROPERTY LOCATED IN A PROJECT AREA IS DIRECTLY PLEDGED TO PAY DEBT SERVICE ON ANY OTHER PROJECT AREA. However, 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. See “SECURITY FOR THE BONDS – Pledge of Tax Revenues,” herein. Such pledge and lien is subordinate to any existing pledges or Agency 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 Agency Bonds, if available pursuant to paragraph (2) of subdivision (a) of Section 34183 and Section 34177.5(g) of the Dissolution Act. All of the Successor Agency’s bonds issued after 2014 have the pledge of residual Redevelopment Property Tax Trust Fund funds, and future tax allocation bonds (including refunding bonds of such Project Areas issued in 2016) of the Successor Agency are expected to be secured, in part, by the residual amounts remaining in the Redevelopment Property Tax Trust Fund. This pledge of residual amounts in the Redevelopment Property Tax Trust Fund 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 used to pay enforceable obligations or 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 2**  
**SUCCESSOR AGENCY TO THE**  
**REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE**  
**All Redevelopment Project Area**  
**Historical Residual Redevelopment Property Tax Trust Fund Revenues**

<b>Fiscal Year</b>	<b>ROPS Filed</b>	<b>Property Tax Deposits (RPTTF)</b>	<b>County Administrative Distributions</b>	<b>Passthrough Distributions</b>	<b>Available for Enforceable Obligations</b>	<b>Administrative Obligations</b>	<b>Debt Service and Non-Administrative Obligations</b>	<b>Excess RTTPF Revenue</b>
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.

As the Successor Agency continues to wind down its affairs pursuant to the Dissolution Act, residual Redevelopment Property Tax Trust Fund revenues are expected to increase as enforceable obligations are retired.



## DESERT COMMUNITIES REDEVELOPMENT PROJECT AREA

### General

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

At the same time the merger was approved, the Board approved the addition of 408 acres of land to the Thousand Palms Sub-Area, which originally included approximately 285 acres in the community of Thousand Palms. Both the amendment and merger were approved via Ordinances Nos. 794 and 795, respectively. On January 13, 2009, Amendment No. 2 to the Desert Communities Redevelopment Project Area was adopted via Ordinance No. 886, and added 1,975 acres in the 100 Palms, Oasis, Mecca and North Shore communities to the Project Area. The Project Area consists of several Sub-Areas, encompassing approximately 29,668 total acres.

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

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

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

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

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

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

***Thermal.*** The Thermal Sub-Area is comprised of 17,250 acres located in the eastern Coachella Valley, with approximately 1,600 acres of land located in the northeasterly portion of the Sub-Area being suitable for industrial development. The Sub-Area includes the 1,800 acre Jacqueline Cochran Regional Airport (formerly

Desert Resorts Regional Airport and previously Thermal Airport), a large general aviation facility. The Thermal Sub-Area is at the confluence of the spheres of influence of Coachella, La Quinta, and Indio. It is generally thought that the long-term improvement and development of the Jacqueline Cochran Regional Airport will constitute a major opportunity for the area, and that future industrial development would be enhanced by anticipated airport improvement activities. The Agency has engaged in a number of public infrastructure improvements, including streets, curbs, gutters, flood control, a community center, school facility improvements, and water system improvements.

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

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

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

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

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

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

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

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

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

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

## **Largest Taxpayers in the Project Area**

The 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 Assesseees.”

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

**TABLE 3  
SUCCESSOR AGENCY TO THE  
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE  
Desert Communities Redevelopment Project Area  
10 Largest Taxpayers by Assessed Value  
(Fiscal Year 2016-17)**

<u>Property Owner</u>	<u>Secured and Utility</u> <sup>(1)</sup>	<u>Unsecured</u>	<u>Total</u>	<u>Pct of Total</u>	<u>Sub-Area</u>	<u>Principal Land Use</u>
T D DESERT DEV	\$ 60,652,859	-	\$ 60,652,859	2.2%	Thermal	Recreational
LENNAR	57,650,884	\$ 1,108,703	58,759,587	2.1	Thermal	Residential
CORAL OPTION 1	56,328,697	-	56,328,697	2.0	Thermal	Recreational
JTM LAND CO	41,441,961	-	41,441,961	1.5	Thermal	Recreational
LUCKY STORES INC LSE	24,365,998	-	24,365,998	0.9	Palm Desert Country Club	Retail
DEUTSCH CONNECTORS	-	21,280,275	21,280,275	0.8	Airports - Hemet-Ryan	Industrial
RICHARD BAGDASARIAN INC	12,406,063	-	12,406,063	0.4	Mecca	Industrial
WOODSPUR FARMING	11,656,120	-	11,656,120	0.4	Thermal	Retail
CAPISTRANO LOTS	11,291,076	-	11,291,076	0.4	Thermal	Vacant Residential
BLF LAND	11,201,593	-	11,201,593	0.4	Thermal	Agricultural
Total, Top Ten:	\$ 286,995,251	\$22,388,978	\$ 309,384,229	11.1%		
Total, Top Twenty:	\$ 374,757,851	\$22,487,848	\$ 397,245,699	14.2%		
Total, Top Hundred:	\$ 640,043,193	\$55,406,200	\$ 695,449,393	24.9%		
Totals for the Area:	\$2,715,528,125	\$82,813,290	\$2,798,341,415	100.0%		

<sup>(1)</sup> Table excludes the following sub-areas that did not generate tax increment in FY2015-16: DCPA (North Shore) and DCPA Amend 2 (100 Palms/Oasis/Mecca).  
Source: County Assessor, Urban Analytics.

## Successor Agency Indebtedness

In addition to the Bonds, the Agency currently has the following outstanding indebtedness (see APPENDIX C “AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2016” hereto for additional information relating to the payment of indebtedness of the Agency):

A description of outstanding indebtedness of the Agency, other than the 2017 Series D Bonds, as of October 2, 2016 as follows:

**TABLE 4**  
**SUCCESSOR AGENCY TO THE**  
**REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE**  
**Desert Communities Redevelopment Project Area**  
**Summary of Outstanding Parity Debt**  
**(As of October 2, 2016)**

	<b>Balance</b>
	<b><u>October 2, 2015</u></b>
Bonds:	
2006 Bonds <sup>(1)(2)</sup>	\$ 1,620,000
2010 Bonds	28,305,000
2011 Bonds <sup>(3)</sup>	5,825,000
2014 Bonds	26,765,000
2015 Bonds	13,620,000
2016 Bonds	<u>13,620,000</u>
Total	\$126,935,000

<sup>(1)</sup> To be refunded.

<sup>(2)</sup> Shown in audit as aggregate or “Loans Payable.”

<sup>(3)</sup> Subordinate bonds.

Source: County of Riverside.

## Assessed Valuation

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

**TABLE 5**  
**SUCCESSOR AGENCY TO THE**  
**REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE**  
**Desert Communities Redevelopment Project Area**  
**Historical Assessed Values**  
**(Fiscal Years 2012-13 through 2016-17)**

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

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

<sup>(2)</sup> The Homeowner's Property Tax Relief exemption, reimbursed by the state.

Source: Urban Analytics.