

Proposition 8 Assessment Reductions And Restorations

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

The Assessor annually reports on the number of assessments by city and unincorporated area subject to Proposition 8 reductions, and the amount of Proposition 8 reductions (these figures are reported by tax rate district rather than by sub-area and include areas outside of the Desert Communities Project Area). The Assessor reports 11,289 properties reduced through Proposition 8 in Fiscal Year 2016-17 in the principal tax rate districts within the Desert Communities Project Area with \$1,902,312,046 in reduced valuation. This compares to 10,376 properties and \$929,411,545 in Proposition 8 reductions in Fiscal Year 2015-16 and 15,168 properties and \$2,509,620,594 in Proposition 8 reductions in Fiscal Year 2014-15. While these figures include properties outside of the Desert Communities Project Area, they indicate that Proposition 8 reductions have significantly decreased in value for Fiscal Years 2013-14 to 2016-17. However, the increase in Proposition 8 reduction in 2016-17 was due to the La Quinta Community, a portion of which is in the Project Area. Additionally, based upon a sampling of individual parcels in the Project Area, the Fiscal Consultant concluded that it is likely that a substantial portion of the increase in secured assessed valuation of the Desert Communities Project Area is due to the restoration of assessed valuation of properties that had previously been reduced due to Proposition 8. The Assessor does not indicate on the rolls that parcels are subject to Proposition 8.

Assessed Valuation Appeals

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

One of the Project Area's top ten taxpayers has appealed their assessed value as shown in Table 6. The estimated impact of value losses resulting from these pending appeals has not been incorporated into the projected revenues of the Project Area. See " – Desert Communities Redevelopment Project Area Estimated Revenues and Bond Retirement," herein.

**TABLE 6
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Desert Communities Redevelopment Project Area
Assessment Appeals by Large Taxpayers**

<u>Roll Year</u>	<u>Owner Name⁽¹⁾</u>	<u>Status</u>	<u>County Valuation</u>	<u>Applicant Opinion of Value</u>	<u>Valuation After Appeal</u>
2013-14	LUCKY STORES INC LSE	2 Resolved	\$ 3,606,346	\$ 2,000,000	\$ 3,606,346
2012-13	LUCKY STORES INC LSE	1 Resolved	3,535,635	2,000,000	3,080,707

⁽¹⁾ Appeals filed on properties owned by the ten largest owners for 2015-16. Data is current as of November 16, 2016.
Source: Riverside County Assessor.

The following table shows the amount of assessed value that is presently under appeal within the Desert Communities Project Area and the estimated reduction of value that has been factored into the projections for 2016-17. The assessment appeals data below reflects appeals filed for Fiscal Years 2007-08 through 2016-17. The disputed amounts will be resolved in the appeals process and some portion of those amounts may be adjusted. To provide some indication of the proportion of valuation upheld on appeal, Table 7 provides information on resolved appeals filed in previous years in the Desert Communities Project Area. Overall, the 2,747 appeals settled in the Desert Communities Project Area during the Fiscal Year 2007-08 to Fiscal Year 2016-17 period resulted in reductions in valuation of \$68.6 million out of \$1.5 billion in enrolled valuation subject to appeals, or around 5%. The overall retention rate has been calculated by the Fiscal Consultant to be approximately 95% of the original valuation.

Applying the 95% retention rate for resolved appeals to the appeals indicates a potential valuation reduction of \$2.0 million or approximately \$20,000 in tax revenue. If the full amount of disputed valuation were granted, the reduction in valuation would be \$59.3 million or approximately \$593,000 in tax revenue. As both estimates include properties with appeals in multiple years, it is not necessarily an indication of equivalent resolution as to assessed valuation of such properties in subsequent years. As noted below under “ – Desert Communities Redevelopment Project” no assumptions are made regarding any potential appeal-related adjustments to Project Area valuation.

TABLE 7
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Desert Communities Redevelopment Project Area
Estimated Appeals Loss
Fiscal Year 2016-17

<u>Roll Year</u>	<u>Status⁽¹⁾</u>	<u>Number of Appeals</u>	<u>County Valuation</u>	<u>Applicant Opinion of Value</u>	<u>Valuation After Appeal</u>	<u>Retention Rate⁽²⁾</u>
2016-17	Resolved	2	\$ 2,093,000	\$ 1,422,000	\$ 2,093,000	-
2016-17	Pending	11	11,002,923	7,498,000	TBD	TBD
2015-16	Resolved	35	29,417,064	15,460,698	29,417,064	100%
2015-16	Pending	17	22,985,817	12,221,775	TBD	TBD
2014-15	Resolved	68	72,178,014	46,562,594	71,324,997	99%
2014-15	Pending	3	2,493,885	1,504,749	TBD	TBD
2013-14	Resolved	70	70,014,358	39,743,106	67,405,731	96%
2013-14	Pending	3	2,482,860	986,569	TBD	TBD
2012-13	Resolved	111	133,044,307	69,317,073	126,349,080	95%
2012-13	Pending	2	2,095,880	900,000	TBD	TBD
2011-12	Resolved	162	182,655,437	102,671,555	176,515,935	97%
2011-12	Pending	1	1,920,031	120,000	TBD	TBD
2010-11	Resolved	290	241,305,237	136,705,840	230,361,875	95%
2010-11	Pending	2	1,768,057	1,100,000	TBD	TBD
2009-10	Resolved	870	351,487,932	208,026,857	335,644,347	95%
2009-10	Pending	-	-	-	-	-
2008-09	Resolved	723	334,083,467	214,184,122	313,644,112	94%
2008-09	Pending	-	-	-	-	-
2007-08	Resolved	416	84,886,080	43,147,815	79,837,423	94%
2007-08	Pending	-	-	-	-	-
All Years	Resolved	2,747	\$1,501,164,896	\$877,241,660	\$1,432,593,564	95%
All Years	Pending	39	44,749,453	24,331,093	TBD	TBD

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

⁽²⁾ Expressed as a percentage. Retention Rate is the proportion of value retained after resolution of an appeal. The rate is calculated by dividing the "Valuation After Appeal" into the "County Valuation." For withdrawn and denied appeals, the "Valuation After Appeal" is the original County valuation.

Source: Riverside County Assessor; Urban Analytics.

Property Value by Land Use

Taxable values in the Desert Communities Project Area are diversified with residential property values making up 65.4% of all value. Industrial uses account for 4.4% of the Desert Communities Project Area taxable values and commercial uses account for 9.2%. Together, these three land use categories account for 79% of all taxable value in the Desert Communities Project Area.

The following table illustrates the land use of property within the entire Desert Communities Project Area and its assessed value. The table below represents assessed values of the secured roll only.

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

<u>Land Use</u>	<u>Secured AV⁽¹⁾</u>	<u>Pct of AV</u>	<u>Number of Parcels</u>	<u>Pct of Parcels</u>	<u>Acres⁽²⁾</u>	<u>Pct of Acres</u>
Secured						
Agricultural	\$ 198,770,871	7.1%	408	4.2%	3,824	13.9%
Commercial	256,609,937	9.2	324	3.3	1,242	4.5
Industrial	124,096,022	4.4	102	1.1	132	0.5
Single-Family Residential	1,784,593,125	63.8	4,067	41.9	425	1.5
Condominiums	271,545	0.0	4	0.0	3	0.0
Other Residential	45,347,999	1.6	570	5.9	1,418	5.1
Vacant	246,834,320	8.8	3,104	32.0	3,184	11.5
Other	59,196,790	2.1	353	3.6	17,362	62.9
Utility	79,061	0.0	1	0.0	N/A	N/A
Unsecured	82,813,290	3.0	775	8.0	N/A	N/A
Total	\$2,798,341,415	100.0%	9,708	100.0%	27,590	100.0%

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

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

Source: County Assessor, Urban Analytics.

Volatility Ratio

The volatility ratio proportion of total assessed valuation accounted for by the base year valuation, and reflects the degree of exposure of tax increment to changes in total valuation. A high volatility ratio indicates that a small percentage change in overall assessed valuation would cause a disproportionately large percentage change in tax increment, while a low volatility ratio suggests that a percentage change in overall assessed valuation would cause a similar percentage change in tax increment. Recently-formed redevelopment areas tend to have a high volatility ratio as their total assessed valuation remains close to the base year valuation; their volatility ratio decreases as assessed valuation grows. The volatility ratio for the Desert Communities Project Area is 0.08%.

Desert Communities Redevelopment Project Area Estimated Revenues And Bond Retirement

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

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

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

(2) County administrative fee is estimated to be 1.50% of tax increment revenue in the Project Area and is shown in Table 9.

(3) Tax increment revenue is projected to increase at an annual growth rate of 2.00% for fiscal year 2016-17 and subsequent years. Table 9 excludes North Shore and 100 Palms/Oasis Sub-Areas, which do not generate tax increment. Unitary tax revenue is projected to remain constant.

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

(5) Net tax increment deducts a Pro Rata Share of Housing Debt Service allocated based on the Desert Communities Redevelopment Project Area's tax increment, but does not include a deduction of any other amounts that, prior to dissolution, were required to be deposited in the Former Agency's Low and Moderate Income Housing Fund. The 20% low and moderate housing set aside was eliminated with the Dissolution Act. Were the set aside still in effect, the amount of tax increment deposited in the low and moderate income Housing Fund would have been 20% of the gross tax increment less the County Administration fee.

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

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

(8) Contractual pass through payments are senior to the 2017 Series D Bonds according to agreements described under "SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – Pass-Through Agreements," herein.

Actual levels of future tax increment revenues will depend upon the rate of growth in tax increment resulting from new development, change of ownership and inflation, and changes in tax rates, and may differ from the projections presented herein. See Table 10 herein. See also the Fiscal Consultant's Report attached hereto as Appendix A.

TABLE 9
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Desert Communities Redevelopment Project Area
Estimated Tax Increment Revenues⁽¹⁾
Fiscal Years 2016-17 through 2041-42
(In Thousands)

Fiscal Year	Gross Tax Increment	Project Area Share of Housing Debt Service	Senior Pass-Through Payments	County Administrative Fee	Net Tax Increment
2016/17	\$26,023,077	\$(3,075,377)	\$(6,603,992)	\$(390,346)	\$15,953,363
2017/18	26,567,183	(3,063,326)	(6,739,714)	(398,508)	16,365,634
2018/19	27,122,170	(3,052,146)	(6,878,152)	(406,833)	16,785,040
2019/20	27,688,257	(3,040,211)	(7,019,358)	(415,324)	17,213,365
2020/21	28,265,666	(3,028,504)	(7,163,388)	(423,985)	17,649,790
2021/22	28,854,623	(3,018,845)	(7,310,298)	(432,819)	18,092,660
2022/23	29,455,360	(3,008,642)	(7,460,147)	(441,830)	18,544,740
2023/24	30,068,111	(2,997,023)	(7,612,993)	(451,022)	19,007,073
2024/25	30,693,117	(2,988,405)	(7,768,896)	(460,397)	19,475,419
2025/26	31,330,623	(2,978,738)	(7,927,917)	(469,959)	19,954,009
2026/27	31,980,879	(2,969,340)	(8,090,118)	(479,713)	20,441,708
2027/28	32,644,140	(2,930,371)	(8,255,564)	(489,662)	20,968,544
2028/29	33,320,667	(2,922,075)	(8,424,318)	(499,810)	21,474,465
2029/30	34,010,724	(2,913,524)	(8,596,447)	(510,161)	21,990,592
2030/31	34,714,582	(2,903,938)	(8,772,019)	(520,719)	22,517,907
2031/32	35,432,518	(2,896,771)	(8,951,102)	(531,488)	23,053,157
2032/33	36,164,812	(2,888,438)	(9,133,767)	(542,472)	23,600,134
2033/34	36,911,752	(2,905,068)	(9,320,086)	(553,676)	24,132,922
2034/35	37,673,631	(2,898,587)	(9,510,130)	(565,104)	24,699,809
2035/36	38,450,747	(2,890,315)	(9,703,976)	(576,761)	25,279,695
2036/37	39,243,406	(2,883,154)	(9,901,698)	(588,651)	25,869,902
2037/38	40,051,918	(1,730,326)	(10,103,375)	(600,779)	27,617,438
2038/39	40,876,600	(1,678,945)	(10,309,086)	(613,149)	28,275,421
2039/40	41,717,776	(1,548,889)	(10,518,910)	(625,767)	29,024,210
2040/41	42,575,775	(1,127,926)	(10,732,932)	(638,637)	30,076,280
2041/42	43,450,934	(1,125,172)	(10,951,233)	(651,764)	30,722,765

⁽¹⁾ See prior page for assumptions used in projections.

Source: Urban Analytics, LLC as to Net Tax Increment; Underwriter as to Debt Service Coverage.

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

TABLE 10
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Desert Communities Redevelopment Project Area
Estimated Debt Service Coverage
Fiscal Years 2016-17 through 2036-37
(In Thousands)

<u>Fiscal Year</u>	<u>Net Tax Increment</u> ⁽¹⁾⁽²⁾	<u>Outstanding Parity Senior Bonds Debt Service</u> ⁽³⁾⁽⁴⁾	<u>Series 2017 Bonds Debt Service</u> ⁽⁴⁾	<u>Senior Bonds Debt Service</u> ⁽⁴⁾	<u>Senior Bonds Coverage</u>	<u>Subordinate Debt Service</u> ⁽⁴⁾	<u>Total Debt Service</u> ⁽⁴⁾	<u>Total Debt Service Coverage</u>
--------------------	--	---	--	---	------------------------------	--	--	------------------------------------

⁽¹⁾ See Table 9 for details.

⁽²⁾ Tax Increment shown for projecting coverage relates only to the Project Area. However, all amounts deposited in the Redevelopment Property Tax Trust Fund are available to pay debt service on the Bonds after all other debt service obligations and senior obligations are satisfied. See “SECURITY FOR THE AGENCY BONDS – Real Property Tax Trust Fund,” and “SECURITY FOR THE AGENCY BONDS – Pledge of Tax Revenues.”

⁽³⁾ Includes debt service on Desert Communities 2010 Bonds, Desert Communities 2014 Bonds, and Desert Communities 2015 Bonds.

⁽⁴⁾ Debt Service is shown on a Bond Year basis.

Source: Urban Analytics, LLC.

INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT AREA

General

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

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

In 2006, Amendment No. 1a and Amendment No. 1b were adopted in the Project Area. Amendment No. 1a was adopted on May 16, 2006, and added approximately 2,820 acres of territory in the communities of Lakeview/Nuevo to the I-215. Amendment No. 1b was adopted on May 2, 2006, and added 3,289 acres of additional territory in the communities of Sun City/Quail Valley into the Project Area. The total acreage for the Project Area is 15,830 acres.

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

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

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

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

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

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

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

Highway 74. The amendment area was added in 2010 and consists of 5,865 acres.

Largest Taxpayers in the Project Area

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

One large energy facility, the Inland Empire Energy Center, is an 800-megawatt power plant located on 46 acres in the Romoland 2003 Annex sub-area of the Project Area. The power plant, owned by General Electric and operated by Calpine Corporation, was licensed by the California Energy Commission in 2005. Inland Empire energy is a combined cycle gas turbine power plant that uses combustion turbine-generators with heat recovery steam generators. The combined cycle plants are designed to provide steady base load power as opposed to being used intermittently as is the case with “peaker” plants. Unit 1 of the plant’s two 400-megawatt units came online in 2008 while the second unit’s startup was delayed for unspecified repairs; both units were taken offline for further repairs in April 2011. The property was valued at \$346.6 million in Fiscal Year 2014-15. Valuation on this property increased from \$459 million in Fiscal Year 2008-09 to \$748.7 million in Fiscal Year 2009-10 due to construction, decreasing to \$709 million in Fiscal Year 2010-11 as the assessment was adjusted upon construction completion, increasing to \$811 million in Fiscal Year 2011-12 then decreasing to \$577.5 million in Fiscal Year 2012-13, \$346.6 million in Fiscal Year 2014-15, \$295.0 million in Fiscal Year 2015-16 and \$253.8 million in 2016-17. The reasons for the decrease in the past four years have not been reported either by the plant operator or by the State Board of Equalization.

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

**TABLE 11
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
10 Largest Taxpayers by Assessed Value
(Fiscal Year 2016-17)**

<u>Property Owner</u>	<u>Secured and Utility⁽¹⁾</u>	<u>Unsecured</u>	<u>Total</u>	<u>Pct of Total</u>	<u>Sub-Area</u>	<u>Principal Land Use</u>
INLAND EMPIRE ENERGY CENTER, LLC	\$ 253,800,000	-	\$ 253,800,000	7.63%	Romoland 2003 Annex	Power Plant
COLE ID RIVERSIDE CA	97,085,223	-	97,085,223	2.92	Highgrove Amendment 1	Industrial
KNOX LOGISTICS	79,966,218	-	79,966,218	2.40	Mead Valley 1990 Annex	Industrial
MAJESTIC FREEWAY BUSINESS CENTER	52,338,092	-	52,338,092	1.57	Mead Valley 1990 Annex	Vacant Land
HALLE PROPERTIES	32,536,641	-	32,536,641	0.98	Mead Valley 1990 Annex	Industrial
JOHNSON MACHINERY CO	12,740,365	\$ 16,836,606	29,576,971	0.89	Highgrove Amendment 1	Industrial
FR CAL HARVILL ROAD	25,348,986	-	25,348,986	0.76	Mead Valley	Vacant Land
PERRIS CITRUS AVENUE STORAGE	24,231,135	-	24,231,135	0.73	Mead Valley	Industrial
K & N ENGINEERING INC	2,334,283	21,850,984	24,185,267	0.73	Highgrove Amendment 1	Industrial
RDO EQUIPMENT CO	-	22,790,254	22,790,254	0.68	Highgrove Amendment 1	Industrial
Total, Top Ten:	\$ 580,380,943	\$ 61,477,844	\$ 641,858,787	19.29%		
Total, Top Twenty:	\$ 736,788,561	\$ 80,295,986	\$ 817,084,547	24.56%		
Total, Top Hundred:	\$1,072,072,828	\$147,969,344	\$1,220,042,172	36.67%		
Totals for the Area:	\$3,102,732,094	\$224,376,109	\$3,327,108,203	100.00%		

⁽¹⁾ Table does not exclude any sub-areas for FY2015-16.

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

Source: County Assessor, Urban Analytics

Owner Participation Agreements

The Agency has an outstanding development agreement, also known as an Owner Participation Agreement (OPA), relating to various development undertakings in the Interstate 215 Corridor Redevelopment Project Area. The OPA is paid from the Redevelopment Fund. As part of the OPA, the Agency has an agreement with Community Facilities District 87-1 which requires the reimbursement of tax payments made by certain property owners and which are senior to debt service on the 2017 Series E Bonds. Although the amounts of this payment is subject to the participation of certain property owners and the tax payments made by them, the obligation is tied to the debt service on bonds issued for Community Facilities District 87-1. Payments to be made under the OPA are estimated in Table 18 under “Other Senior Obligations.” The Agency has identified no other agreements as having a senior lien on Interstate 215 Corridor Redevelopment Project Area tax increment revenue.

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 E Bonds, as of October 2, 2016 as follows:

TABLE 12
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Summary of Outstanding Debt
(As of October 2, 2016)

	Balance <u>October 2, 2016</u>
Bonds:	
2010 Bonds ⁽¹⁾	\$ 46,705,000
2011 Bonds ⁽²⁾	11,369,720
2014 Bonds	15,790,000
2015 Bonds	18,260,000
2016 Bonds	<u>21,730,000</u>
Total	\$113,854,720
Development Agreements	
CFD 87-1 ⁽³⁾	<u>\$ 1,039,086</u>
Total Developer Agreement	\$ 1,039,086
Total	<u><u>\$114,893,806</u></u>

⁽¹⁾ To be refunded.

⁽²⁾ Subordinate bonds.

⁽³⁾ Expires 2020.

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. Project Area growth for fiscal year 2016-17 was

5.18% higher than the previous fiscal year. Restoring the assessed valuation for the Highway 74 Communities sub-area for fiscal year 2014-15 results in a same-area growth rate of \$111.2 million (3.6%) for fiscal year 2015-16 (the sub-area generated positive tax increment in fiscal year 2015-16). The base year value is 45% of the total taxable value in the Interstate 215 Corridor Redevelopment Project Area for 2016-17. Table 13 sets forth Interstate 215 Corridor Redevelopment Project Area assessed valuation for the past five fiscal years.

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

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

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

⁽²⁾ See "Largest Taxpayers in the Project Area," for a discussion of Inland Empire Energy Center, and its assessed valuation.

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

Source: County Assessor, Urban Analytics.

Proposition 8 Assessment Reductions And Restorations

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

The Assessor annually reports on the number of assessments by city and unincorporated area subject to Proposition 8 reductions, and the amount of Proposition 8 reductions (these figures are reported by tax rate district rather than by sub-area and include areas outside of the Interstate 215 Corridor Redevelopment Project Area). The Assessor reports 15,728 properties reduced through Proposition 8 in Fiscal Year 2016-17 in the principal tax rate districts within the Interstate 215 Corridor Redevelopment Project Area with \$2,017,045,536

in reduced valuation. This compares to 18,444 properties and \$2,397,664,706 in Proposition 8 reductions in Fiscal Year 2015-16 and 22,628 properties and \$2,853,121,728 in Proposition 8 reductions in Fiscal Year 2014-15. While these figures include properties outside of the Interstate 215 Corridor Redevelopment Project Area, they indicate that Proposition 8 reductions have decreased in value between Fiscal Year 2012-13 and Fiscal Year 2016-17. Additionally, based upon a sampling of individual parcels in the Interstate 215 Corridor Redevelopment Project Area, the Fiscal Consultant concluded that it is likely that a substantial portion of the increase in secured assessed valuation of the Project Area is due to the restoration of assessed valuation of properties that had previously been reduced due to Proposition 8. The assessor does not indicate on the rolls that parcels are subject to Proposition 8.

Assessed Valuation Appeals

Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

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

Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Most of the appeals filed in the Interstate 215 Corridor Redevelopment Project Area are based on Section 51 of the Revenue and Taxation Code which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Significant reductions have taken place in some counties due to declining real estate values. Reductions made under this code section may be initiated by the County Assessor or requested by the property owner. After a roll reduction is granted under this section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and it may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIII A of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

There are currently 51 pending appeals within the Interstate 215 Corridor Redevelopment Project Area. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals.

Four of the Project Area's top ten taxpayers have pending appeals of their assessed value as shown in Table 14. The estimated impact of value losses resulting from these pending appeals has not been incorporated

into the projected revenues of the Interstate 215 Corridor Redevelopment Project Area. See “ESTIMATED REVENUES AND BOND RETIREMENT,” herein.

TABLE 14
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Assessment Appeals by Large Taxpayers

<u>Roll Year</u>	<u>Owner Name⁽¹⁾</u>	<u>Status</u>	<u>County Valuation</u>	<u>Applicant Opinion of Value</u>	<u>Valuation After Appeal</u>
2015-16	HALLE PROPERTIES	2 Pending	32,047,913	22,500,000	TBD
2015-16	PERRIS CITRUS AVENUE STORAGE	20 Pending	33,862,904	17,775,076	TBD
2014-15	PERRIS CITRUS AVENUE STORAGE	7 Resolved	5,326,141	2,663,072	5,326,141
2012-13	COLE ID RIVERSIDE CA	1 Pending	91,500,000	40,000,000	TBD
2012-13	FR CAL HARVILL ROAD	15 Resolved	20,584,076	10,314,636	19,967,000
2012-13	PERRIS CITRUS AVENUE STORAGE	9 Resolved	11,298,360	5,649,183	7,621,865

⁽¹⁾ Appeals filed on properties owned by the ten largest owners for 2015-16. Data is current as of November 16, 2016.
Source: Riverside County Assessor.

The following table shows the amount of assessed value that is presently under appeal within the Interstate 215 Corridor Redevelopment Project Area and the estimated reduction of value that has been factored into the projections for 2016-17. The assessment appeals data below reflects appeals filed for Fiscal Years 2007-08 through 2016-17. To provide some indication of the proportion of valuation upheld on appeal, the table below provides information on resolved appeals filed in previous years in the Interstate 215 Corridor Redevelopment Project Area. Overall, the 1,238 appeals settled in the Interstate 215 Corridor Redevelopment Project Area during the Fiscal Year 2007-08 to Fiscal Year 2016-17 period resulted in reductions in valuation of \$63.8 million out of \$1.3 billion in enrolled valuation subject to appeals, or around 5%. The overall retention rate has been calculated by the Fiscal Consultant to be approximately 95% of the original valuation.

Applying the 95% retention rate for resolved appeals to the pending appeals indicates a potential valuation reduction of \$8.8 million or approximately \$87,500 in tax revenue. If the full amount of disputed valuation were granted, the reduction in valuation would be \$20.4 million or approximately \$204,000 in tax revenue. As both estimates include properties with appeals in multiple years, it is not necessarily an indication of equivalent resolution as to assessed valuation of such properties in subsequent years. As noted below under “Interstate 215 Corridor Redevelopment Project Area,” no assumptions are made regarding any potential appeal-related adjustments to Interstate 215 Corridor Redevelopment Project Area valuation.

TABLE 15
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Estimated Appeals Loss
Fiscal Year 2016-17

<u>Roll Year</u>	<u>Status</u>	<u>Number of Appeals</u> ⁽¹⁾	<u>County Valuation</u> ⁽²⁾	<u>Applicant Opinion of Value</u>	<u>Valuation After Appeal</u>	<u>Retention Rate</u>
2016-17	Resolved	-	-	-	-	-
2016-17	Pending	2	1,336,412	726,000	TBD	TBD
2015-16	Resolved	36	35,768,763	17,093,415	34,577,475	97%
2015-16	Pending	40	95,243,295	53,532,808	TBD	TBD
2014-15	Resolved	103	75,402,258	44,766,082	74,103,670	98%
2014-15	Pending	6	83,874,550	57,621,241	TBD	TBD
2013-14	Resolved	68	95,615,440	47,796,136	92,625,729	97%
2013-14	Pending	2	242,720	149,502	TBD	TBD
2012-13	Resolved	149	189,664,771	102,608,451	175,024,787	92%
2012-13	Pending	1	91,500,000	40,000,000	TBD	TBD
2011-12	Resolved	172	198,791,784	109,222,101	192,562,094	97%
2011-12	Pending	-	-	-	-	-
2010-11	Resolved	231	232,313,338	119,796,461	219,084,434	94%
2010-11	Pending	-	-	-	-	-
2009-10	Resolved	350	343,940,968	159,171,135	322,983,088	94%
2009-10	Pending	-	-	-	-	-
2008-09	Resolved	121	119,909,926	66,443,486	116,725,556	97%
2008-09	Pending	-	-	-	-	-
2007-08	Resolved	8	12,093,744	11,581,684	12,061,344	100%
2007-08	Pending	-	-	-	-	-
All Years	Resolved	1,238	1,303,500,992	678,478,951	1,239,748,177	95%
All Years	Pending	51	272,196,977	152,029,551	TBD	TBD

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

⁽²⁾ Expressed as a percentage. Retention Rate is the proportion of value retained after resolution of an appeal. The rate is calculated by dividing the “Valuation After Appeal” into the “County Valuation.” For withdrawn and denied appeals, the “Valuation After Appeal” is the original County valuation.

Source: Riverside County Assessor; Urban Analytics.

Property Value by Land Use

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

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

TABLE 16
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Land Use Statistics
(Fiscal Year 2016-17)

<u>Land Use</u>	<u>Secured AV⁽¹⁾</u>	<u>Pct of AV</u>	<u>Number of Parcels</u>	<u>Pct of Parcels</u>	<u>Acres⁽²⁾</u>	<u>Pct of Acres</u>
Secured						
Agricultural	\$ 8,983,192	0.3%	22	0.1%	371	1.7%
Commercial	231,566,731	7.0%	306	1.7%	562	2.6%
Industrial	779,208,741	23.4%	201	1.1%	935	4.3%
Single-Family Residential	1,144,857,933	34.4%	6,005	32.9%	4,651	21.4%
Condominiums	11,312,168	0.3%	134	0.7%	11	0.1%
Other Residential	685,051,579	20.6%	5,461	29.9%	6,357	29.3%
Vacant	462,468,040	13.9%	5,460	29.9%	8,452	39.0%
Other	3,659,819	0.1%	87	0.5%	358	1.7%
Utility	254,513,728	7.6	8	0.0	N/A	N/A
Unsecured	<u>224,376,109</u>	<u>6.7</u>	<u>560</u>	<u>3.1</u>	<u>N/A</u>	<u>N/A</u>
Total	\$3,327,108,203	100.0%	18,244	100.0%	21,695	100.0%

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

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

Source: County Assessor, Urban Analytics.

Volatility Ratio

The volatility ratio is the proportion of total assessed valuation accounted for by the base year valuation and reflects the degree of exposure of tax increment to changes in total valuation. A high volatility ratio indicates that a small percentage change in overall assessed valuation would cause a disproportionately large percentage change in tax increment, while a low volatility ratio suggests that a percentage change in overall assessed valuation would cause a similar percentage change in tax increment. Recently-formed redevelopment areas tend to have a high volatility ratio as their total assessed valuation remains close to the base year valuation; their volatility ratio decreases as assessed valuation grows. Additionally, large taxpayers within the Interstate 215 Corridor Redevelopment Project Area can have a similarly disproportionate impact on the tax increment if they have large variations in assessed valuation over a period of fiscal years. See "Largest Taxpayers in the Project Area." The volatility ratio for the Interstate 215 Corridor Redevelopment Project Area is 0.42%.

Interstate 215 Corridor Redevelopment Project Area Estimated Revenues And Bond Retirement

The Successor Agency has retained Urban Analytics, LLC, San Francisco, California (the "Fiscal Consultant"), to analyze the Interstate 215 Corridor Redevelopment Project Area and to project future tax

increment revenues for the Interstate 215 Corridor Redevelopment Project Area. The Fiscal Consultant's report is included as Appendix A and should be read in its entirety.

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

(1) The Fiscal Consultant assumed that the tax rate in the Interstate 215 Corridor Redevelopment Project Area is 1%, with no tax rate overrides. For purposes of projecting Tax Revenues, plan limitations are not taken into account.

(2) County administrative fee is estimated to be 1.50% of tax increment revenue in the Project Area and is shown under "Other Senior Obligations," in Table 18 below.

(3) Tax increment revenue is projected to increase at an annual growth rate of 2.00% for fiscal year 2016-17 and subsequent years. Unitary tax revenue is projected to remain constant. Reductions in value of the power plant owned by Inland Empire Energy Center, LLC have not been taken into account for purposes of the projections of tax increment.

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

(5) Net tax increment deducts a Pro Rata Share of Housing Debt Service allocated based on the Project Area's tax increment, but does not include a deduction of any other amounts that, prior to dissolution, were required to be deposited in the Former Agency's Low and Moderate Income Housing Fund. The 20% low and moderate housing set aside was eliminated with the Dissolution Act. Were the set aside still in effect, the amount of tax increment deposited in the low and moderate income Housing Fund would have been 20% of the gross tax increment less the County Administration fee.

(6) Projections assume that Statutory Tax sharing payments are subordinate to debt service.

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

(8) Contractual pass through payments are senior to the 2017 Senior Bonds according to agreements described under "SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – Pass-Through Agreements," herein.

(9) Other senior obligations include payments under the Development Agreement which ends in 2020-21.

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

TABLE 17
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Estimated Tax Increment Revenues⁽¹⁾
Fiscal Years 2016-17 through 2039-40
(In Thousands)

<u>Fiscal Year</u>	<u>Gross Tax Increment</u>	<u>Project Area Share of Housing Debt Service</u>	<u>Senior Pass-Through Payments</u>	<u>Other Senior Obligations⁽²⁾</u>	<u>Net Tax Increment</u>
2016/17	\$19,789,416	\$(2,338,690)	\$(1,419,068)	\$(546,932)	\$15,484,726
2017/18	20,414,463	(2,353,888)	(1,448,077)	(561,588)	16,050,911
2018/19	21,052,012	(2,369,051)	(1,477,666)	(576,537)	16,628,758
2019/20	21,702,311	(2,382,946)	(1,507,847)	(591,785)	17,219,734
2020/21	22,365,617	(2,396,347)	(1,538,631)	(607,338)	17,823,301
2021/22	23,042,189	(2,410,733)	(1,570,032)	(345,633)	18,715,791
2022/23	23,732,292	(2,424,074)	(1,602,060)	(355,984)	19,350,173
2023/24	24,436,197	(2,435,665)	(1,634,728)	(366,543)	19,999,260
2024/25	25,154,180	(2,449,111)	(1,668,051)	(377,313)	20,659,705
2025/26	25,886,523	(2,461,144)	(1,702,039)	(388,298)	21,335,042
2026/27	26,633,512	(2,472,851)	(1,736,707)	(399,503)	22,024,451
2027/28	27,395,442	(2,459,210)	(1,772,069)	(410,932)	22,753,231
2028/29	28,172,610	(2,470,613)	(1,808,138)	(422,589)	23,471,270
2029/30	28,965,321	(2,481,310)	(1,844,928)	(434,480)	24,204,603
2030/31	29,773,887	(2,490,640)	(1,882,455)	(446,608)	24,954,184
2031/32	30,598,624	(2,501,578)	(1,920,731)	(458,979)	25,717,335
2032/33	31,439,856	(2,511,062)	(1,959,773)	(471,598)	26,497,423
2033/34	32,297,912	(2,541,945)	(1,999,596)	(484,469)	27,271,903
2034/35	33,173,130	(2,552,321)	(2,040,216)	(497,597)	28,082,996
2035/36	34,065,851	(2,560,706)	(2,081,648)	(510,988)	28,912,510
2036/37	34,976,428	(2,569,666)	(2,123,908)	(524,646)	29,758,207
2037/38	35,905,216	(1,551,180)	(2,167,014)	(538,578)	31,648,443
2038/39	36,852,579	(1,513,664)	(2,210,982)	(552,789)	32,575,145
2039/40	37,818,890	(1,404,132)	(2,255,829)	(567,283)	33,591,646
2040/41	38,804,527	(1,028,018)	(2,301,573)	(582,068)	34,892,868
2041/42	39,809,877	(1,030,886)	(2,348,232)	(597,148)	35,833,610

⁽¹⁾ See prior page for assumptions to calculate projections.

⁽²⁾ Consists of amounts payable under Owner Participation Agreement through its expiration date in 2020 and County administrative fees.
Source: Urban Analytics.

The following Table 18 projects debt service coverage for the Bonds showing only projected net tax increment.

TABLE 18
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Estimated Debt Service Coverage
Fiscal Years 2016-17 through 2039-40
(In Thousands)

<u>Fiscal Year</u>	<u>Net Tax Increment</u> ⁽¹⁾⁽²⁾	<u>Outstanding Senior Bonds Debt Service</u> ⁽³⁾⁽⁴⁾	<u>2017 Series E Debt Service</u> ⁽⁴⁾	<u>Total Senior Bonds Debt Service</u> ⁽⁴⁾	<u>Senior Bonds Coverage</u>	<u>Subordinate Debt Service</u> ⁽⁴⁾	<u>Total Debt Service</u> ⁽⁴⁾	<u>Total Debt Service Coverage</u>
--------------------	--	--	--	---	------------------------------	--	--	------------------------------------

⁽¹⁾ See Table 17 for details.

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

⁽³⁾ Includes debt service on Interstate 215 2010 Bonds, Interstate 215 2014 Bonds and Interstate 215 2015 Bonds.

⁽⁴⁾ Debt service shown on a Bond Year basis.

Source: Urban Analytics, LLC as to Net Tax Increment, Underwriter as to Debt Service Coverage.

BOND OWNERS' RISKS

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

Limited Special Obligations

The Bonds will be special obligations of the 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 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.

Recognized Obligation Payment Schedule

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

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

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (as described above under “SECURITY FOR THE AGENCY BONDS – Pledge of Tax Revenues”) and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011; (ii) second, on each January 2 and June 1, to a successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule; (iii) third, on each January 2 and June 1, to a successor agency for the administrative cost allowance, as defined in the Dissolution Act; and (iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in its Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity’s share of property tax revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

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

AB 1484 also added new provisions to the Dissolution Act implementing certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule, the County will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency’s administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule.

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

Commencing September 22, 2015, successor agencies which received a Finding of Completion and the concurrence of the DOF as to the items that qualify for payment, among other conditions, may at their option, file a “Last and Final” Recognized Obligation Payment Schedule. If approved by the DOF, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the DOF or the Oversight Board. The County Auditor-Controller will remit the authorized funds to the Successor Agency in accordance with the approved

Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the DOF and the County Auditor-Controller. The Successor Agency has not submitted a Last and Final Recognized Obligation Payment Schedule and does not currently plan to file a Last and Final Recognized Obligation Payment Schedule.

Challenges to Dissolution Act

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

The complaint alleged that the Dissolution Act, and specifically the “Redistribution Provisions” thereof (i.e., California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the “contract clauses” of the United States and California Constitutions (U.S. Const. art. 1, § 10, cl.1; Cal. Const. art. 1, § 9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the “Takings Clauses” of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders’ and Syncora’s contractual right to critical security mechanisms without just compensation.

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

Mandatory Redemption on Acceleration of Agency Bonds on Default

The Bonds are subject to mandatory redemption upon the acceleration of the Agency Bonds upon the occurrence of an Event of Default under the Agency Bonds Indenture. As a practical matter in the event of a payment default by the Successor Agency, it is unlikely the Successor Agency would have the financial resources to meet accelerated obligations. No real or personal property in the Project Area is pledged to secure the Agency Bonds, and it is not anticipated that the Successor Agency will have available moneys sufficient to pay the amount of principal and interest due upon acceleration of the Agency Bonds, and correspondingly to redeem all of the Bonds in the event of a default. Additionally, if the Bonds are insured, then the bond insurer will retain the right to control remedies on the Bonds and the Agency Bonds in the Event of Default, possibly in conflict with the Owners of the Bonds. See “SECURITY FOR THE AGENCY BONDS – Pledge of Tax Revenues,” herein.

Limited Application of Project Area Tax Revenues

Tax Revenues allocated to a Project Area and pledged to pay debt service on the series of Agency Bonds and Parity Debt issued with respect to such Project Area are not available to pay debt service on any other series of Agency Bonds until such obligations relating to the Project Area have been paid and residual amounts remain in the Redevelopment Property Tax Trust Fund. See, "SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – Other Project Areas." Furthermore, debt service payable on the Bonds issued by the Authority has been calculated based on the assumption that each Project Area will generate sufficient Tax Revenues to pay timely debt service on the series of Agency Bonds issued for such Project Area and that the aggregate of the debt service on all Agency Bonds will be available in an amount sufficient to pay timely debt service on the Bonds issued by the Authority. Accordingly, if there should be a substantial decline in the amount of Tax Revenues available with respect to one or more Project Areas causing a default in the payment of one or more series of Agency Bonds, and should the Reserve Account established for the Agency Bonds for such Project Area become depleted as a result of such default or defaults in the payment of Agency Bonds, the Authority may be unable to pay debt service on its Bonds.

Reduction in Taxable Value

Tax Revenues allocated to the Successor Agency are determined by the amount of incremental taxable value in the Project Area allocable to the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property caused by economic factors beyond the Successor Agency's control, such as a relocation out of the Project Area by one or more major property owners, or the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Project Area by a person displaced by eminent domain or similar proceedings, appeals to value under Proposition 8 or other assessment appeals, or the discovery of hazardous substances on a property within the Project Area (see "Hazardous Substances," below) or the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Earthquake," below), flood or other natural disaster, could cause a reduction in the Tax Revenues securing the Agency Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. Additionally, a decline in property values within a Project Area or a Sub-Area may occur as a result of a large property owner appealing Assessed Value or the State Board of Equalization reducing the Assessed Value in a Project Area with a high concentration of large tax payers, such as the Interstate 215 Corridor Redevelopment Project. The Fiscal Consultant has not reduced projections of Tax Revenues based upon appeals in each of the Project Areas. See APPENDIX A "REPORT OF FISCAL CONSULTANT - Assessment Appeals."

Bond Insurance Risk Factors

The Authority anticipates obtaining the Policy to guarantee the scheduled payment of principal and interest on the Insured Bonds.

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

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

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

The long-term ratings on the Insured Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Insured Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Insured Bonds or the marketability (liquidity) for the Insured Bonds. See description of "OTHER INFORMATION – Ratings" herein.

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

None of the Authority, the Agency or the Underwriters have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Authority to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "Bond Insurance" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Risks of Real Estate Secured Investments Generally

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

Reduction in Inflationary Rate and Changes in Legislation

As described in greater detail below (see "LIMITATIONS ON TAX REVENUES"), Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2% and there have been several years in which taxable values were adjusted by an actual inflationary rate that was less than 2%. The adjusted inflationary rate for Fiscal Year 2016-17 is 2.00%. The Successor Agency is unable to predict whether future annual inflationary adjustments to

the taxable value base of real property within the Project Area will be in the amount of the full 2% permitted under Article XIII A or will be in an amount less than 2%.

Change in Law

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

Concentration of Property Ownership

The Project Areas are comprised of multiple Sub-Areas, each of which have their own plan limitations and base years. Additionally, each Project Area may have a large concentration of property ownership. See “Ten Largest Property Owners by Assessed Value,” for each Project Area. Accordingly, a decline in the property values in any Project Area, particularly from a property representing a high concentration of value in such Project Area, could reduce Tax Revenues derived from such Project Area. Concentration of ownership presents a risk in that, if one or more of the largest property owners in any Project Area were to default on their taxes (and if the County were to change its current practice of distributing Tax Revenues to the Successor Agency regardless of delinquencies) or were to successfully appeal the tax assessments on property within such Project Area, a substantial decline in Tax Revenues could occur for the related Agency Bonds of such Project Area.

The largest property owner in the Interstate 215 Corridor Project Area is the Inland Empire Energy Center, an 800 megawatt power plant. Inland Empire Energy Center represents approximately 7.6% of the total 2016-17 assessed valuation in the Interstate 215 Corridor Project Area. The costs of owning and operating Inland Empire Energy Center can be adversely affected by a number of factors outside the Agency’s direct control, including among others, increased State or federal regulations which could be enacted or modified in a manner that affects the Inland Empire Energy Center’s operating expenses. Future legislation and regulatory developments in the areas of environmental regulation, further regulation of the electricity market, renewable energy incentives, and others, could have the effect of increasing the Inland Empire Energy Center’s operating expenses and its viability as an ongoing concern. Additionally, the Inland Empire Energy Center is located in a rural area of southern California that has experienced wide-spread wildfires in the recent past, and is subject to other natural disasters such as severe earthquakes. If severe, and resulting in material damage to Inland Empire Energy Center facilities, there can be no assurance that insurance proceeds will be adequate to repair or replace such damaged facilities. For more information on Inland Empire Energy Center, please see, “INTERSTATE 215 CORRIDOR PROJECT AREA – Largest Taxpayers In Project Area.”

Bankruptcy of Landowners

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

Seismic Considerations and Natural Calamities

The most significant safety hazard in Riverside County is due to seismic hazards. Southern California has numerous seismically active faults, several of which are in or in close proximity to the portions of the Project Areas.

Desert Communities Project Area. The risk of earthquakes is greater in the most heavily populated portion of the Coachella Valley, and becomes moderate east of the Coachella Valley. The San Andreas Fault, as well as several fault zones, run directly through the North Shore Sub-Area in the Project Area. The risk of liquefaction ranges from low to high throughout the Mecca, 100 Palms, Oasis and North Shore Sub-Areas.

Interstate 215 Corridor Project Area. The I-215 Corridor Project Area may be seismically affected by the proximity to the San Andreas and San Jacinto fault systems, which are approximately parallel to each other, and span from Highgrove in the northwest past Romoland in the southeast. A high potential for liquefaction is present in the area surrounding the Santa Ana River, near the Highgrove sub-area.

New construction within the Project Areas is now built in accordance with the Uniform Building Code which contains standards designed to minimize structural damage caused by seismic events.

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

Levy and Collection of Taxes

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

Estimated Revenues

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

Hazardous Substances

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

Direct and Overlapping Indebtedness

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

Future Legislation and Initiatives

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

Assessment Appeals

Property taxable values may be reduced as a result of Proposition 8, which reduces the assessed value of property, or of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the respective project area and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Tax Revenues and, potentially, Revenues under the Indenture. The Successor Agency has in the past experienced reductions in its Tax Revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate timing of successful appeals. For a discussion of historical assessment appeals in the Project Area and summary information regarding pending and resolved assessment appeals for the Successor Agency, see APPENDIX A "REPORT OF FISCAL CONSULTANT."

Economic Risks

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

Investment Risk

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

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

Secondary Market

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

Bankruptcy

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

Federal Tax-Exempt Status of the Bonds

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

IRS Audit of Tax-Exempt Issues

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

LIMITATIONS ON TAX REVENUES

Property Tax Limitations - Article XIII A

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

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

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

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

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

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

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

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

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

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

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

Implementing Legislation

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

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

Unitary Property

Assembly Bill 2890 (Statutes of 1986, Chapter 1457), which added Section 98.9 to the California Revenue and Taxation Code, provided that, commencing with the Fiscal Year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) was to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

Assembly Bill 454 (Statutes of 1987, Chapter 921) further modified the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provided for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provided for a new method of establishing tax rates on State-assessed property and

distribution of property tax revenues derived from State-assessed property to taxing jurisdictions within each county as follows: for revenues generated from the 1% tax rate, each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and if county-wide revenues generated for unitary property are greater than 102% of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, further, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

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

The Successor Agency has projected the amount of unitary revenues to be allocated for 2015-16 within the Project Areas to be \$293,470. The Fiscal Consultant has assumed that this amount remains constant in subsequent years. Neither the Authority nor the Successor Agency can predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received nor the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies.

Proposition 87

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

Property Taxes; Teeter Plan

The County utilized a mechanism for the distribution of tax increment revenue to the former redevelopment agencies that has a similar effect on the Successor Agency's tax increment revenues as the device known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's Redevelopment Property Tax Trust Fund on January 2 and the other one-half on June 1; delinquencies are not deducted from the Redevelopment Property Tax Trust Fund revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to Redevelopment Property Tax Trust Fund revenue. Consequently, the Agency is not affected by delinquent tax payments. The overall delinquency rate for the 2014-15 Fiscal Year for all secured properties in Project Area No. 1 was 2.7%, for the Desert Communities Project Area was 1.6%, and for Interstate 215 Corridor Project Area was 3.8%, as of August 5, 2015. However, the County Auditor-Controller's office has indicated that the County may cease to use this mechanism at some future date. There is no indication of when or whether this change may occur or what tax increment distribution mechanism would replace it.

Tax Collection Fees

Legislation enacted by the State Legislature authorizes county auditors to determine property tax administration costs proportionately attributable to local jurisdictions and to submit invoices to the jurisdictions for such costs. Subsequent legislation specifically includes redevelopment agencies among the entities which are subject to a property tax administration charge. The County administration fee amounts to approximately 1.50% of the tax increment revenues from a Project Area. The calculations of Tax Revenues take such administrative costs into account.

Future Initiatives

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

OTHER INFORMATION

Continuing Disclosure

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

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

In addition to any non-compliance of the County generally, the Successor Agency did not timely file its annual report and Audited Financial Statements for Fiscal Year 2013-14 due December 31, 2014, with respect to its 2014 Tax Allocation Refunding Bonds and the Audited Financial Statements for Fiscal Year 2014-15 due December 31, 2015, were not timely filed with respect to bonds issued by the Successor Agency in 2015. The annual report together with the Audited Financial Statements have subsequently been filed.

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

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

The County was advised by Bank of America Merrill Lynch (“BAML”) and Stifel, Nicolaus & Company, Incorporated (“Stifel”) that the County was reported by each firm under the current Municipalities Continuing Disclosure Cooperation (“MCDC”) initiative of the SEC. MCDC is a program allowing issuers and underwriters to voluntarily report non-compliance with disclosure obligations. Additionally, the County self-reported under the provisions of MCDC. On March 3, 2017 the County was informed by the SEC that no enforcement action would be recommended against the Successor Agency to the Redevelopment Agency of the County of Riverside.

Litigation

At the time of delivery of and payment for the Bonds, the Authority and the Successor Agency, respectively, will certify that, except as disclosed herein, to their respective best knowledge there is no litigation, action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental agency or body, pending against or threatened against the Authority or the Successor Agency in any way affecting the existence of the Authority or the Successor Agency or the titles of its officers to their respective offices or

seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the Agency Bonds, the application of the proceeds thereof in accordance with the Indenture or the Agency Bonds Indenture, or the collection or application of Tax Revenues to be pledged to pay the principal of and interest on the Bonds or the Agency Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Agency Bonds, the Indenture, the Agency Bonds Indentures, or any action of the Authority or the Successor Agency contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Authority or the Successor Agency or its authority with respect to the Indenture or the Agency Bonds Indentures or any action of the Authority or the Agency contemplated by said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Authority or the Agency or its authority with respect to the Indenture or the Agency Bonds Indenture or any action of the Authority or the Agency contemplated by said documents, or which would adversely affect the exclusion of interest paid on the Bonds from gross income for Federal income tax purposes or the exemption of interest paid on the Bonds from California personal income taxation, nor, to the knowledge of the Authority or the Successor Agency, is there any basis therefor.

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Bonds. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

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

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

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

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

Verification of Mathematical Computations

The Verification Agent will examine the arithmetical accuracy of certain computations included in the schedules provided by the Successor Agency relating to the refunding of the 2006 Series D Bonds, the 2010 Series D Bonds and 2006 Series E Bonds. See "PLAN OF FINANCE" above. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

Legal Opinion

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

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

Financial Interests

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

Ratings

The Insured Bonds are expected to receive the rating of “___” (stable outlook) by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC, business (“S&P”), with the understanding that upon execution and delivery of the Bonds, the municipal bond insurance policy insuring the payment when due of the principal and interest on the Insured Bonds will be issued by _____. S&P has assigned its underlying rating of “___” (stable outlook) on the Bonds without regard to the issuance of the Policy.

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

Underwriting

Citigroup Global Markets Inc., on behalf of itself and Raymond James & Associates, Inc. (collectively, the “Underwriter”) has agreed to purchase the Bonds at a price of \$_____ (being the principal amount of the Bonds, plus a net original issue premium of \$_____, less an underwriter’s discount of \$_____) under a Bond Purchase Contract among the Authority, the Successor Agency and the Underwriter.

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

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

(Balance of this page intentionally left blank)

Miscellaneous

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

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

RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

APPENDIX A
REPORT OF FISCAL CONSULTANT

APPENDIX B

INFORMATION REGARDING THE COUNTY OF RIVERSIDE GENERAL INFORMATION

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,347,828 as of January 1, 2016, representing an approximately 1.0% increase over the County's population as estimated for the prior year. For the ten year period of January 1, 2006 to January 1, 2016, the County's population grew by 25.6%. During this period, the cities of Eastvale, Jurupa Valley, Menifee and Wildomar incorporated, with a total population of 274,393 as of January 1, 2014. Currently, the growth in the County has tempered due to the economy and in recent years the County's population has grown at a rate close to the statewide average.

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

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

<u>CITY</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Banning	30,051	30,177	30,306	30,659	30,834
Beaumont	38,851	39,787	40,853	43,601	45,118
Blythe	20,440	19,609	18,982	19,254	19,813
Calimesa	8,022	8,096	8,225	8,138	8,289
Canyon Lake	10,721	10,771	10,817	10,608	10,681
Cathedral City	52,108	52,350	52,571	53,859	54,261
Coachella	42,030	42,795	43,601	45,001	45,407
Corona	154,985	156,864	159,109	163,317	164,659
Desert Hot Springs	27,721	27,835	27,986	28,794	29,048
Eastvale	55,770	57,266	59,151	60,825	63,162
Hemet	80,329	80,899	81,520	79,548	80,070
Indian Wells	5,050	5,083	5,133	5,336	5,412
Indio	78,298	81,415	82,375	86,683	88,058
Jurupa Valley	96,745	97,272	97,738	96,898	98,177
Lake Elsinore	53,183	55,444	56,688	59,142	61,006
La Quinta	38,190	38,412	39,023	39,311	39,977
Menifee	80,831	82,314	83,686	87,286	89,004
Moreno Valley	197,086	198,183	199,257	203,696	205,383
Murrieta	105,300	105,860	106,393	112,576	113,795
Norco	27,123	26,632	26,566	26,392	26,896
Palm Desert	49,619	49,962	50,424	48,835	49,335
Palm Springs	45,414	45,724	46,135	46,204	46,654
Perris	70,391	70,983	72,063	72,476	73,722
Rancho Mirage	17,556	17,643	17,739	17,920	18,070
Riverside	309,407	312,035	314,221	321,655	324,696
San Jacinto	44,937	45,229	45,537	47,087	47,656
Temecula	103,403	104,907	106,256	107,794	109,064
Wildomar	32,818	33,182	33,696	34,758	35,168
TOTALS					
Incorporated	1,876,494	1,896,729	1,916,051	1,957,653	1,983,415
Unincorporated	357,699	358,924	364,140	360,271	364,413
County-Wide	<u>2,234,193</u>	<u>2,255,653</u>	<u>2,280,191</u>	<u>2,317,924</u>	<u>2,347,828</u>
California	37,668,804	37,984,138	38,357,121	38,907,642	39,255,883

Source: State Department of Finance, Demographic Research Unit.

Effective Buying Income

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

The following table summarizes the total effective buying income for the County and the State for the period 2012 through 2016:

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

	Total Effective Buying Income⁽²⁾	Median Household Effective Buying Income	Percent of Households with Income over \$50,000
2012			
Riverside County	\$ 39,981,683	\$44,116	42.91%
California	\$814,578,458	\$47,062	46.65%
2013			
Riverside County	\$ 40,157,310	\$43,860	42.39%
California	\$864,088,828	\$47,307	46.90%
2014			
Riverside County	\$ 40,293,518	\$44,784	43.84%
California	\$858,676,636	\$48,340	48.17%
2015			
Riverside County	\$ 41,199,300	\$45,576	44.79%
California	\$901,189,699	\$50,072	50.05%
2016			
Riverside County	\$ 45,407,058	\$48,674	48.50%
California	981,231,666	53,589	52.74

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

⁽²⁾ Dollars in thousands.

Source: Nielsen Solution Center.

Industry And Employment

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

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

<u>INDUSTRY</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Civilian Labor Force	\$1,897,700	\$1,927,600	\$1,961,800	
Civilian Employment	1,711,000	1,771,700	1,832,300	
Civilian Unemployment	186,700	155,900	129,500	
Civilian Unemployment Rate	9.8%	8.1%	6.6%	
Total, All Industries	1,247,800	1,303,700	1,362,400	
Total Farm	14,500	14,400	15,100	
Mining and Logging	1,200	1,300	1,300	
Construction	70,000	77,600	85,200	
Manufacturing	87,300	91,300	95,600	
Wholesale Trade	56,400	58,900	61,700	
Retail Trade	164,800	169,400	173,500	
Transportation, Warehousing & Utilities	78,400	86,600	97,300	
Information	11,500	11,300	11,300	
Financial Activities	41,300	42,300	43,200	
Professional & Business Services	132,400	139,300	144,400	
Educational & Health Services	187,600	194,800	205,000	
Leisure & Hospitality	135,900	144,800	151,500	
Other Services	41,100	43,000	44,000	
Government	225,200	228,800	233,400	

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

Source: State Employment Development Department, Labor Market Information Division, as of November 30, 2015.

The following table sets forth the major employers located in the County as of 2015:

COUNTY OF RIVERSIDE CERTAIN MAJOR EMPLOYERS⁽¹⁾ (2015)

<u>Rank</u>	<u>Name of Business</u>	<u>Employees</u>	<u>Type of Business⁽²⁾</u>
1.	County of Riverside	20,684	County Government
2.	March Air Reserve Base	8,500	Military Reserve Base
3.	Stater Brothers Market	6,900	Supermarkets
4.	Walmart	6,550	Retail Store
5.	University of California, Riverside	5,768	University
6.	Kaiser Permanente Riverside Medical Center	5,300	Hospital
7.	Corona Norco Unified School District	4,932	School District
8.	Temecula Valley Unified School District	4,000	School District
9.	Riverside Unified School District	3,871	School District
10.	Hemet Unified School District	3,400	School District

⁽¹⁾ Certain major employers in the County may have been excluded because of the data collection methodology used by Riverside County Economic Development Agency.

⁽²⁾ Includes employees within the County; excludes, under certain circumstances, temporary, seasonal and per diem employees.

Source: County Economic Development Agency.

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
County ⁽¹⁾	12.1%	10.3%	8.2%	6.6%	7.1% ⁽²⁾
California ⁽¹⁾	10.4	8.9	7.5	6.7	5.5 ⁽²⁾
United States ⁽³⁾	8.1	7.4	6.2	5.5	4.9 ⁽²⁾

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

⁽²⁾ For July 2016.

⁽³⁾ Data is seasonally adjusted.

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

Commercial Activity

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

The following table sets forth taxable transactions in the County for the years 2010 through third quarter 2014, the most recent year for which data is currently available:

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Motor Vehicles and Parts Dealers	\$ 2,620,568	\$ 3,010,487	\$ 3,493,098	\$ 3,965,201	\$ 4,417,943
Furniture and Home Furnishings	412,325	436,482	441,649	486,061	520,393
Electronics and Appliances Stores	470,784	478,406	488,419	510,423	510,061
Building Materials, Garden Equipment and Supplies	1,232,145	1,303,073	1,365,513	1,535,178	1,706,183
Food and Beverage Stores	1,267,758	1,304,731	1,356,148	1,421,590	1,509,403
Health and Personal Care Stores	400,207	454,268	490,238	523,724	544,958
Gasoline Stations	2,685,840	3,300,785	3,516,040	3,456,322	3,426,830
Clothing and Clothing Accessories Stores	1,391,174	1,505,821	1,672,482	1,771,603	1,989,623
Sporting Goods, Hobby, Book and Music Stores	428,121	454,971	467,536	499,366	519,188
General Merchandise Stores	2,947,905	3,051,709	3,174,022	3,298,920	3,289,057
Miscellaneous Store Retailers	652,273	700,338	742,118	758,664	809,032
Nonstore Retailers	92,916	101,876	142,081	243,334	309,809
Food Services and Drinking Places	<u>2,317,486</u>	<u>2,473,339</u>	<u>2,668,324</u>	<u>2,836,388</u>	<u>3,093,862</u>
Total Retail and Food Services	<u>\$16,919,500</u>	<u>\$18,576,285</u>	<u>\$20,016,668</u>	<u>\$21,306,774</u>	<u>\$22,646,343</u>
All Other Outlets	<u>6,233,280</u>	<u>7,065,212</u>	<u>8,079,341</u>	<u>8,758,693</u>	<u>9,389,345</u>
Total All Outlets	<u>\$23,152,780</u>	<u>\$25,641,497</u>	<u>\$28,096,009</u>	<u>\$30,065,467</u>	<u>\$32,035,687</u>

Source: California State Board of Equalization, Research and Statistics Division.

Building and Real Estate Activity

The two tables below are a five-year summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) since 2011.

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Valuation (\$000):					
Residential	\$ 873,411	\$1,079,405	\$1,375,593	\$1,621,751	\$1,491,666
Non-Residential	<u>559,398</u>	<u>657,595</u>	<u>873,977</u>	<u>814,990</u>	<u>808,956</u>
Total*	\$1,432,809	\$1,737,000	\$2,249,570	\$2,436,741	\$2,300,000
Residential Units:					
Single Family	2,659	3,720	4,716	5,007	4,833
Multiple Family	<u>1,061</u>	<u>909</u>	<u>1,427</u>	<u>1,931</u>	<u>1,189</u>
Total	3,720	4,629	6,143	6,938	6,022

⁽¹⁾ Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

COUNTY OF RIVERSIDE NUMBER OF NEW DWELLING UNITS

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Single Family	2,676	3,455	4,671	5,007	4,833
Multi-Family	<u>1,073</u>	<u>829</u>	<u>1,415</u>	<u>1,931</u>	<u>1,189</u>
TOTAL	<u>3,749</u>	<u>4,284</u>	<u>7,886</u>	<u>6,938</u>	<u>6,022</u>

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

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

COUNTY OF RIVERSIDE COMPARISON OF MEDIAN HOUSING PRICES

<u>Year</u>	<u>Los Angeles</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Southern California⁽¹⁾</u>
2010	335,000	200,000	155,000	290,000
2011	315,000	195,000	150,000	280,000
2012	330,000	210,000	163,000	300,000
2013	411,000	259,000	205,000	370,000
2014	455,000	293,000	240,000	410,000
2015	487,500	310,000	262,000	431,000

⁽¹⁾ Southern California is comprised of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura Counties.

Source: MDA DataQuick Information Systems.

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

**COUNTY OF RIVERSIDE
COMPARISON OF HOME FORECLOSURES**

<u>Year</u>	<u>Los Angeles</u>	<u>Riverside</u>	<u>San Bernardino</u>	<u>Southern California⁽¹⁾</u>
2010	26,827	20,598	16,757	86,853
2011	25,597	17,383	14,181	77,105
2012	15,271	10,657	9,262	47,347
2013	6,469	4,191	4,088	19,470
2014	4,566	2,912	2,984	13,787
2015	3,970	2,463	2,616	11,959

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

Agriculture

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

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

The value of agricultural production in the County for 2011 through 2015 is presented in the following table:

**COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Citrus Fruits	\$ 119,942,513	\$ 125,711,000	\$ 142,404,000	\$ 170,891,000	\$ 199,772,000
Trees and Vines	232,649,262	217,214,000	232,536,000	\$ 223,593,000	234,928,000
Vegetables, Melons, Misc.	278,628,295	286,234,000	340,407,000	337,404,000	327,199,000
Field and Seed Crops	149,198,052	147,352,000	154,582,000	156,575,000	122,794,000
Nursery	200,154,964	190,878,000	191,215,000	172,910,000	158,648,000
Apiculture	4,844,400	4,983,000	4,715,000	4,819,000	4,897,000
Aquaculture Products	<u>4,808,250</u>	<u>4,205,000</u>	<u>2,262,000</u>	<u>5,078,000</u>	<u>5,397,000</u>
Total Crop Valuation	\$ 990,225,736	\$ 976,577,000	\$1,068,121,000	\$ 1,071,270	\$ 1,053,635,000
Livestock and Poultry Valuation	<u>292,030,380</u>	<u>276,553,000</u>	<u>259,683,000</u>	<u>290,746,000</u>	<u>260,015,000</u>
Grand Total	<u>\$1,282,256,116</u>	<u>\$1,253,130,000</u>	<u>\$1,327,804,000</u>	<u>\$1,362,016,000</u>	<u>\$1,313,650,000</u>

Source: Riverside County Agricultural Commissioner

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwest through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses most of the width of the County, the western-most portion of which links up with major cities and freeways in Los Angeles County and the southern part of San Bernardino County, with the eastern part linking to the County’s desert cities and Arizona. Interstate 15 and 215 extend north and

then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County.

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

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

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

Education

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

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

Environmental Control Services

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

At the regional and local level, there are several water districts that were formed for the primary purpose of supplying supplemental water to the cities and agencies within their areas. The Coachella Valley Water District, the Western Municipal Water District and the Eastern Municipal Water District are the largest of these

water districts in terms of area served. The San Geronio Pass Water Agency, Desert Water Agency, Palo Verde Irrigation District and Rancho California Water District also provide supplemental water to cities and agencies within the County.

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

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

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

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

APPENDIX C

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

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

APPENDIX E

DTC AND THE BOOK-ENTRY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX F

FORMS OF OPINIONS OF BOND COUNSEL

BOND COUNSEL OPINION FOR AUTHORITY BONDS

BOND COUNSEL OPINION FOR AGENCY BONDS

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of _____, 2017, (this “Disclosure Agreement”), is by and between the RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the “Authority”), and the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body, corporate and politic, duly organized and existing pursuant to the Community Redevelopment Law of the State of California (as successor agency to the County of Riverside Redevelopment Agency, the “Agency”), in connection with the issuance of the Authority’s 2017 Tax Allocation Revenue Bonds, Series A (the “Authority Bonds”) pursuant to an Indenture of Trust, dated as of _____, 2017 (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Authority Trustee”).

WITNESSETH:

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

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

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

WHEREAS, the Agency has issued its Tax Allocation Refunding Bonds, (the “Refunding Bonds”) two separate series of pursuant to three separate Indentures of Trust, each dated as of _____, 2017 (the “Indenture”), by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Agency Trustee”), as amended or supplemented from time to time in accordance with its terms, and as described in the Official Statement, defined herein; and

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

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

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

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

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

“**Annual Report Date**” means December 31, commencing December 31, 2017.

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

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

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

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

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

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

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

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

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

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

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

“**Official Statement**” means the Official Statement, dated _____, 2017, relating to the Authority Bonds.

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

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

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

Section 2. Provision of Annual Reports. (a) The Agency shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report which is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2016-17 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the

audited financial statements of the Agency, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Agency's fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Authority Bonds by name and CUSIP number.

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

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

(d) The Dissemination Agent shall:

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

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

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

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

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

(i) Taxable assessed values for the most recent fiscal year in substantially the format of Tables 5 and 13 of the Official Statement;

(ii) An update of the ten largest assessesees in substantially the format of Tables 3 and 11 of the Official Statement for the most recent fiscal year;

(iii) An update of Debt Service Coverage for the Bond Year ending on the immediately preceding September 1, based upon the current fiscal year assessed valuation, in substantially the format of Tables 10 and 18 of the Official Statement;

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

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

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

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

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

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

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

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

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

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

(iii) Optional, unscheduled or contingent Bond calls.

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

(v) Non-payment related defaults.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[Balance of this page intentionally left blank.]

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

**RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY**

By: _____
Treasurer

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

By: _____

ACCEPTED AND AGREED:

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

By: _____
Authorized Officer

ACKNOWLEDGED AND AGREED:

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

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Riverside County Public Financing Authority
Name of Issue: Riverside County Public Financing Authority
2017 Tax Allocation Revenue Bonds, Series A
(Desert Communities and Interstate 215 Corridor Projects)
Obligated Person: Successor Agency to the Redevelopment Agency for the County of Riverside
Date of Issuance: _____, 2017

NOTICE IS HEREBY GIVEN that the Successor Agency to the Redevelopment Agency to the County of Riverside (the "Agency") has not provided an Annual Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement, dated as of _____ 1, 2017, by and between the Riverside County Public Financing Authority and the Agency. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

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

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

APPENDIX H

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