

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



ITEM
4.1
(ID # 4302)

MEETING DATE:

Tuesday, May 23, 2017

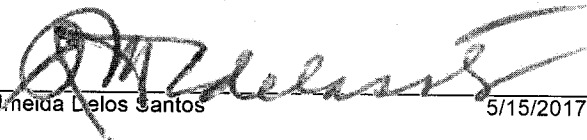
FROM : SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY:

SUBJECT: SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY: Refunding of Outstanding Bonds of the Dissolved Redevelopment Agency, District 2 [\$250,000], Bond Proceeds (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Successor Agency Resolution No. 2017-011, confirming the issuance of refunding tax allocation bonds to refinance the 2007 Jurupa Valley Series B Bonds, approving the Preliminary and Final Official Statements and approval of other matters properly related thereto, and
2. Direct staff to take the necessary actions to complete the issuance of the Refunding Bonds.

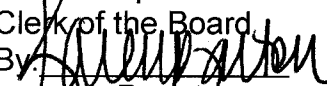
ACTION: Policy


Ineida Leelos Santos 5/15/2017

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: May 23, 2017
xc: E.O.

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$250,000	\$0	\$250,000	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: Bond Proceeds – 100%			Budget Adjustment:	No
			For Fiscal Year:	2017-2018

C.E.O. RECOMMENDATION:

BACKGROUND:

Summary

On January 31, 2017, the Board of Supervisors, sitting as the Successor Agency Board, approved via Agenda Item 4-3, approved Successor Agency Resolution No. 2017-007, the refunding of certain outstanding bonds of the Agency. Prior to that approval, on January 19, 2017, the Oversight Board to the Successor Agency to the Redevelopment Agency for the County of Riverside approved the issuance of the refunding bonds, and submitted the documents for approval to the State Department of Finance (DOF).

The Preliminary Official Statement, which is included as Attachment A, represent the County's required disclosure to bond investors. This Preliminary Official Statement includes the most current information about the 2016-17 property tax roll, which became available in early July 2016. DOF approval for the refunding was received on March 24, 2017.

The finance team is anticipating the bond sale to occur the week of June 12th and closing the week of July 5th 2017. The anticipated amount of the proposed bond issues, savings percentage, and savings amounts as of May 3, 2017 are shown in the table below.

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

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

2017 Series B Refinancing Summary

Issue	Jurupa Valley Project Area
Size	\$65,150,000
PV Savings	\$4,968,124

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

PV Savings As %	6.9%
Avg. Savings	\$346,410
Total Savings	\$6,581,790

As of May 3, 2017.

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


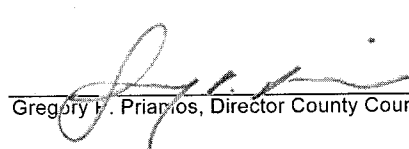
Impact on Residents and Businesses

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

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

ATTACHMENTS:

Successor Agency Resolution No. 2017-011
Preliminary Official Statement


Alex Gann 5/15/2017  Gregory J. Priamos, Director County Counsel 5/15/2017

1 RESOLUTION NO. 2017-011

2 A RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
3 FOR THE COUNTY OF RIVERSIDE CONFIRMING THE ISSUANCE OF REFUNDING
4 BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE
5 DISSOLVED REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE,
6 APPROVING PRELIMINARY AND FINAL OFFICIAL STATEMENTS AND
7 PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO
8

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

18
19 WHEREAS, prior to the dissolution of the Former Agency, the
20 Former Agency issued its Redevelopment Agency for the County of
21 Riverside Redevelopment Jurupa Valley Redevelopment Project Area
22 2007 Tax Allocation Bonds, Series B (the "Prior Bonds") in the
23 initial aggregate principal amount of \$89,990,000 for the
24 purpose of financing redevelopment activities;
25

FORM APPROVED BY COUNTY COUNSEL
BY: Dale A. Gardner 5/15/17
DATE: DALE A. GARDNER

1 **WHEREAS**, Section 34177.5 authorizes the Successor Agency to
2 issue refunding bonds pursuant to Article 11 (commencing with
3 Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5
4 of the Government Code (the "Refunding Law") for the purpose of
5 achieving debt service savings within the parameters set forth
6 in Section 34177.5(a)(1) (the "Savings Parameters");
7

8 **WHEREAS**, the Successor Agency, pursuant to Resolution No.
9 2017-007 (the "Successor Resolution"), adopted on January 31,
10 2017, approved the issuance of Successor Agency to the
11 Redevelopment Agency for the County of Riverside Jurupa Valley
12 Redevelopment Project Area 2017 Tax Allocation Refunding Bonds,
13 Series B in the aggregate principal amount of not to exceed
14 \$80,000,000 (the "Refunding Bonds"), in order to refund, in
15 whole or in part, the Prior Bonds, subject to the Savings
16 Parameters being met;
17

18 **WHEREAS**, the Oversight Board for the Successor Agency, by
19 Resolution OB No. 2017-002 (the "OB Resolution"), adopted
20 January 19, 2017, approved the issuance of the Refunding Bonds,
21 and the OB Resolution, together with additional materials, has
22 been submitted to the California Department of Finance for its
23 approval of the OB Resolution and the issuance of the Refunding
24 Bonds;
25

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

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

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

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

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

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

23

24

25

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

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

20 5. Effective Date. This Resolution shall take effect from
21 and after the date of approval and adoption thereof.
22
23
24
25

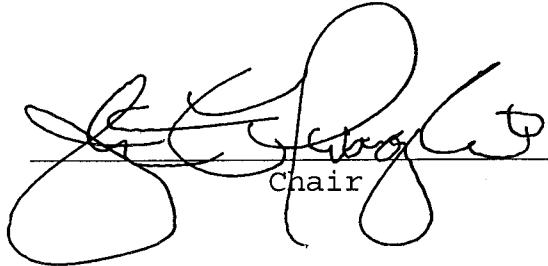
1 The foregoing resolution was passed and adopted by the Successor
2 Agency to the Redevelopment Agency for the County of Riverside
3 at a regular meeting held on the 23rd day of May, 2017, by the
4 following vote:

5
6 AYES: Jeffries, Tavaglione, Washington, Perez and Ashley

7
8 NOES: None


9
10 ABSENT: None

11
12 ABSTAIN: None

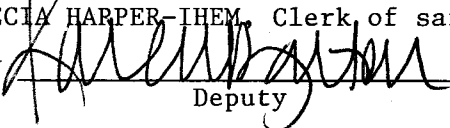
13
14 
Chair

15 (S E A L)

16 Attest:

17
18 By 
Secretary

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

22 KECIA HARPER-IHEM, Clerk of said Board
23 By 
Deputy

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

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2017

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATINGS: Insured Rating: S&P: “ ”
Underlying Rating: S&P: “ ”**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the 2017 Series B Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; although for the purposes of computing the alternative minimum tax imposed on certain corporations such interest is required to be taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the 2017 Series B Bonds is exempt from California personal income taxes. See “OTHER INFORMATION – Tax Matters” herein.

\$ _____*

**Successor Agency to the
Redevelopment Agency for the County of Riverside
Jurupa Valley Redevelopment Project Area
2017 Tax Allocation Refunding Bonds, Series B**

Dated: Date of Delivery

Due: October 1, as shown on inside cover

The Successor Agency to the Redevelopment Agency for the County of Riverside (the “Agency” or “Successor Agency”) Jurupa Valley Redevelopment Project Area of the Agency (the “Project Area”), 2017 Tax Allocation Refunding Bonds, Series B (the “2017 Series B Bonds”) will be secured under an Indenture of Trust (the “Indenture”), dated as of _____, 2017, by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”). The payments due under the Indenture are secured primarily by a pledge of, security interest in and lien on Tax Revenues (as defined in the Indenture and described herein) allocated as described herein and payable on a parity with certain other obligations described herein. See “SECURITY FOR THE 2017 SERIES B BONDS” herein.

The 2017 Series B Bonds are being issued (i) to refinance the 2007 Bonds as more fully described herein, (ii) to satisfy the Reserve Requirement, and (iii) to pay costs of issuance of the 2017 Series B Bonds, including the cost of the financial guaranty insurance premium for the 2017 Series B Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The 2017 Series B Bonds are being issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the 2017 Series B Bonds. Individual purchases of the 2017 Series B Bonds may be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers of interests in the 2017 Series B Bonds will not receive certificates from the Successor Agency or the Trustee representing their interest in the 2017 Series B Bonds purchased. Interest on the 2017 Series B Bonds will be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2017. Payments of principal, premium, if any, and interest on the 2017 Series B Bonds will be payable by the Trustee, to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the 2017 Series B Bonds, as more fully described herein.

The 2017 Series B Bonds are subject to optional redemption prior to maturity and mandatory sinking fund redemption as described herein. See “THE 2017 SERIES B BONDS — Redemption of the 2017 Series B Bonds” herein.

[The scheduled payment of principal of and interest on the 2017 Series B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by _____.]

[The 2017 Series B Bonds are also secured by a Municipal Bond Debt Service Reserve Insurance Policy issued by _____.]

The 2017 Series B Bonds are a special obligation of the Agency payable solely from Tax Revenues on a parity basis with other bonds of the Successor Agency described herein, certain other amounts on deposit in the Successor Agency’s Redevelopment Property Tax Trust Fund, and moneys held under the Indenture. Neither the County of Riverside (the “County”) nor the State of California shall be obligated to pay the principal of the 2017 Series B Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the 2017 Series B Bonds. The issuance of the 2017 Series B Bonds shall not directly, indirectly or contingently obligate the Agency, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation therefor. The Agency does not have any taxing power. **The 2017 Series B Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.**

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

For a discussion of some of the risks associated with a purchase of the 2017 Series B Bonds, see “BOND OWNERS’ RISKS” herein.

**MATURITY SCHEDULE
See inside front cover**

The 2017 Series B Bonds are offered when, as and if issued, subject to the approval of their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain disclosure matters will be passed upon for the Agency as Disclosure Counsel by Best Best & Krieger LLP, Riverside, California. Certain matters will be passed on for the Agency by the Office of the County Counsel, County of Riverside, and for the Underwriters by Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. It is anticipated that the 2017 Series B Bonds will be available for delivery through the facilities of DTC in definitive form on or about _____, 2017.

Citigroup

Raymond James

Dated: _____, 2017

* Preliminary, subject to change.

\$ _____*
Successor Agency to the
Redevelopment Agency for the County of Riverside
Jurupa Valley Redevelopment Project Area
2017 Tax Allocation Refunding Bonds, Series B

MATURITY SCHEDULE

\$ _____
Serial Bonds
(Base CUSIP[†]: _____)

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

* Preliminary, subject to change.

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

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the Successor Agency to give any information or to make any representations in connection with the offer or sale of the 2017 Series B Bonds other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2017 Series B Bonds by any person, in any jurisdiction where such offer, solicitation or sale would be unlawful.

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

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

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

The issuance and sale of the 2017 Series B Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2017 SERIES B BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The County maintains a website. However, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2017 Series B Bonds.

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

BOARD OF SUPERVISORS

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

SUCCESSOR AGENCY/COUNTY STAFF

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

SPECIAL SERVICES

Trustee

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

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel

Best Best & Krieger LLP
Riverside, California

Municipal Advisor

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

Fiscal Consultant

Urban Analytics, LLC
San Francisco, California

Verification Agent

Causey, Demgen & Moore PC
Denver, Colorado

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\$ _____ *

**Successor Agency to the
Redevelopment Agency for the County of Riverside
Jurupa Valley Redevelopment Project Area
2017 Tax Allocation Refunding Bonds, Series B**

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement and the offering of the 2017 Series B Bonds, defined below, to potential investors is made only by means of the entire Official Statement. Capitalized terms used and not defined in this Introduction shall have the meanings assigned to them elsewhere in this Official Statement.

General

This Official Statement, including the cover page, inside cover page, and appendices hereto, provides information in connection with the issuance by the Successor Agency to the Redevelopment Agency for the County of Riverside (the "Agency" or the "Successor Agency") of its Jurupa Valley Redevelopment Project Area 2017 Tax Allocation Refunding Bonds, Series B in the aggregate principal amount of \$ _____* (the "2017 Series B Bonds").

Purpose

The 2017 Series B Bonds are being issued (i) to refinance the 2007 Bonds, defined herein, issued for the benefit of the Jurupa Valley Redevelopment Project Area (the "Jurupa Valley Project Area" or "Project Area") established by the Redevelopment Agency for the County of Riverside (the "Former Agency"), (ii) to satisfy the Reserve Requirement of the reserve account for the 2017 Series B Bonds with a Reserve Policy (as hereinafter defined), and (iii) to pay costs of issuance of the 2017 Series B Bonds, including the financial guaranty insurance premium for the 2017 Series B Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the 2017 Series B Bonds

The 2017 Series B Bonds are being issued by the Successor Agency pursuant to the Community Redevelopment Law, consisting of Part 1 of Division 24 of the California Health and Safety Code (the "Redevelopment Law"), the provisions of Assembly Bill X1 26, consisting of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by Assembly Bill 1484 ("AB 1484"), and as further amended on September 22, 2015 by Senate Bill 107 ("SB 107") (as so amended, the "Dissolution Act") and Article 11 (commencing with Section 53588) of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California (the "Refunding Law").

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

The 2017 Series B Bonds will be payable from, and secured by, property tax revenues (formerly tax increment revenues) related to the Project Area which will include moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund, as defined herein, excluding amounts payable as pass-through obligations, described herein, as provided in the California Health and Safety Code as more fully described

* Preliminary, subject to change.

herein. Collectively, such tax increment revenues subject to a pledge under the Indenture are referred to herein as "Tax Revenues." The lien on Tax Revenues is on a parity with the Agency's outstanding 2011 Bonds, 2015 Bonds and 2016 Bonds, as defined herein. See "SECURITY FOR THE 2017 SERIES B BONDS." The 2017 Series B Bonds are also secured by certain other amounts on deposit in the Redevelopment Property Tax Trust Fund, as described herein under "SECURITY FOR THE 2017 SERIES B BONDS – Funds and Accounts Established Under the Indenture."

The issuance of the 2017 Series B Bonds was subject to review and approval under the Dissolution Act, of the Successor Agency's Oversight Board, as described below, and the Department of Finance of the State of California (the "State Department of Finance"). All such approvals have been obtained. See "SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE."

The Oversight Board for the Successor Agency approved the issuance of the 2017 Series B Bonds by the Successor Agency by resolution adopted on January 19, 2017 (the "Oversight Board Resolution"). The State Department of Finance released its letter approving the Oversight Board Resolution approving the issuance of the 2017 Series B Bonds on March 24, 2017. See APPENDIX H – "STATE DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE BONDS."

The County and the Successor Agency

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

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

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

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

The Project Area

The Redevelopment Plan for the Project Area was adopted by the County Board of Supervisors on December 23, 1986. The Project Area consists of several sub-areas and represents approximately 16,590 total acres. See "JURUPA VALLEY REDEVELOPMENT PROJECT AREA."

Under the Dissolution Act, the 2017 Series B Bonds are secured by a pledge of, and payable from moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held and administered by the Office of the Auditor Controller of the County of Riverside (the "County Auditor-Controller") with respect to the Successor Agency (the "Redevelopment Property Tax Trust Fund"). DISCUSSIONS HEREIN REGARDING TAX REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE COUNTY

AUDITOR-CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND EQUAL TO SUCH TAX REVENUES. The Dissolution Act authorizes the issuance of bonds by a successor agency to refund bonds previously issued by a former redevelopment agency, which bonds may be secured by a pledge of property tax increment with the same legal effect as if the 2017 Series B Bonds had been issued prior to the Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date. See "SECURITY FOR THE 2017 SERIES B BONDS – Pledge of Tax Revenues."

Terms of the 2017 Series B Bonds

The 2017 Series B Bonds will be issued in denominations of \$5,000 and any integral multiple thereof (the "Authorized Denominations"). The 2017 Series B Bonds will be dated their date of delivery and are payable with respect to interest semiannually each April 1 and October 1, commencing on October 1, 2017.

The 2017 Series B Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2017 Series B Bonds. Ownership interests in the 2017 Series B Bonds may be purchased in book-entry form only. Principal of and interest on the 2017 Series B Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Owners of the 2017 Series B Bonds. See APPENDIX E – "DTC AND THE BOOK-ENTRY SYSTEM" attached hereto.

The 2017 Series B Bonds are subject to redemption prior to maturity, as described herein. See "THE 2017 SERIES B BONDS – Redemption of the 2017 Series B Bonds" herein.

Security for the 2017 Series B Bonds

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

The 2017 Series B Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues and certain other amounts pledged under the Indenture, and the Agency is not obligated to pay the 2017 Series B Bonds except from such Tax Revenues and such other amounts. The 2017 Series B Bonds are payable as set forth in the Indenture, are not a debt of the County, the State of California or any other political subdivision of the State (except the Successor Agency, to the extent described herein), and neither the State, the County nor any of the State's other political subdivisions (except the Successor Agency, to the extent described herein) is liable therefor, nor in any event shall the 2017 Series B Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

Additional Debt. As more fully described under "SECURITY FOR THE 2017 SERIES B BONDS," the Agency may issue or incur additional obligations on a parity with the pledge of the Tax Revenues securing the 2017 Series B Bonds if certain conditions are met under the Indenture and the Dissolution Act. The Successor Agency will not be permitted to issue any obligations with a lien senior to the lien of the 2017 Series B Bonds.

Outstanding Parity Bonds. As more fully described under "SECURITY FOR THE 2017 SERIES B BONDS," the Agency has outstanding certain bonds issued by the Former Agency that are payable on a parity basis with the 2017 Series B Bonds. The Former Agency issued its \$89,990,000 original principal amount of Jurupa Valley Redevelopment Project 2007 Tax Allocation Bonds, Series B (the "2007 Bonds"), currently outstanding in the aggregate principal amount of \$71,730,000, which are to be refunded by this issue. The Former Agency has issued its \$23,133,001 original principal amount of Jurupa Valley Redevelopment Project Area 2011 Tax Allocation Bonds, Series B (the "2011 Series B Bonds") together with its \$11,525,000 original principal amount of Jurupa Valley Redevelopment Project Area 2011 Tax Allocation Bond, Series B-T (the "2011 Series B-T Bond," and together with the 2011 Series B Bonds, the "2011 Bonds") outstanding in the principal amount of \$23,133,001 and \$4,050,000, respectively. The Successor Agency issued its \$64,365,000 original amount of Jurupa Valley Redevelopment Project 2015 Tax Allocation Bonds, Series B (the "2015 Bonds") currently outstanding in the aggregate principal amount of \$60,710,000. The Successor Agency issued its \$50,670,000 Jurupa Valley Redevelopment Project Area, 2016 Tax Allocation Refunding Bonds, Series B (the "2016 Bonds"). The 2007 Bonds, the 2011 Bonds, the 2015 Bonds, the 2016 Bonds and any bonds issued to refund such bonds in accordance with the Indenture are referred herein collectively as the "Parity Bonds." All of the Parity Bonds are payable from Tax Revenues on a parity with the 2017 Series B Bonds.

Reserve Account. In order to further secure the payment of the principal of and interest on the 2017 Series B Bonds and Parity Bonds, a Reserve Account in the Special Fund is established under the Indenture in an amount equal to the Reserve Requirement, as defined in the Indenture (the "Reserve Requirement"). Amounts on deposit in the Reserve Account will only be available to pay debt service on the 2017 Series B Bonds and any future Parity Debt that the Successor Agency elects to secure with amounts on deposit in the Reserve Account, and will not be available to pay debt service on the Parity Bonds. None of the reserve funds established for the Parity Bonds outstanding are available to pay debt service on the 2017 Series B Bonds.

Municipal Bond Insurance

[TO COME]

Professionals Involved in the Offering

The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will act as trustee with respect to the 2017 Series B Bonds under the Indenture.

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

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

All proceedings in connection with the issuance of the 2017 Series B Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Best Best & Krieger LLP is acting as Disclosure Counsel. Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California, will be acting as counsel to Citigroup Global Markets Inc., on behalf of itself and Raymond James & Associates, Inc. (collectively, the "Underwriters"). The Office of the County Counsel of the County of Riverside will pass on certain matters for the Agency as its general counsel. The fees and expenses of the Municipal Advisor, Bond Counsel, Disclosure Counsel and Underwriters' Counsel are contingent upon the sale and delivery of the 2017 Series B Bonds.

For information concerning respects in which certain of the above-mentioned professionals, advisors, counsel and consultants may have a financial or other interest in the offering of the 2017 Series B Bonds, see "OTHER INFORMATION – Financial Interests."

Continuing Disclosure

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

Reference to Underlying Documents

Brief descriptions of the 2017 Series B Bonds, the Indenture, the County, the Successor Agency, the Jurupa Valley Redevelopment Project Area and other related information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of and references to all documents, statutes, reports and other instruments referred to herein is qualified in its entirety by reference to such document, statute, report or instrument, copies of which are all available for inspection at the offices of the Agency. Certain capitalized terms used and not defined herein shall have the meaning given to those terms in APPENDIX D - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto.

PLAN OF FINANCE

The 2017 Series B Bonds are being issued (i) to refinance the 2007 Bonds as more fully described below, (ii) to satisfy the Reserve Requirement with the purchase of the Reserve Policy, and (iii) to pay costs of issuance of the 2017 Series B Bonds, including the cost of the Policy premium for the 2017 Series B Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Former Agency previously issued its \$89,990,000 original principal amount of Jurupa Valley Redevelopment Project Area 2007 Tax Allocation Bonds, Series B currently outstanding in the aggregate principal amount of \$71,730,000. The 2007 Bonds were issued pursuant to an Indenture of Trust, dated as of October 1, 2007 (the "2007 Indenture").

On the date of issuance of the 2017 Series B Bonds, a portion of the proceeds will be transferred to the Trustee for deposit into the redemption fund established for the 2007 Bonds, under certain Irrevocable Refunding Instructions dated as of _____, 2017 (the "2007 Refunding Instructions") delivered by the Successor Agency to the Bank of New York Mellon Trust Company, N.A., as successor trustee of the 2007 Bonds. As of November 1, 2016, \$71,730,000 aggregate principal amount of 2007 Bonds were outstanding and the amount of \$71,730,000 will be redeemed on October 1, 2017 as a result of the issuance of the 2017 Series B Bonds. The amount deposited in the redemption fund for the 2007 Bonds, together with other available moneys, are anticipated to be held uninvested, or invested in certain federal securities and irrevocably pledged for the payment of the related 2007 Bonds on their date of redemption.

The sufficiency of the deposits in the redemption fund for the 2007 Bonds for those purposes will be verified by Causey, Demgen & Moore PC (the "Verification Agent"), See "OTHER INFORMATION - Verification of Mathematical Computations." Assuming the accuracy of the Verification Agent's computations, as a result of the deposit and application of funds as provided in the redemption fund for the Prior Bonds, the Successor Agency's obligations under the 2007 Indenture related to the 2007 Bonds will be discharged.

The amounts held and invested by the Trustee for the respective 2007 Bonds in the redemption fund are pledged solely to the payment of amounts due and payable by the Agency under the 2007 Indenture. Neither the funds deposited in the redemption funds for the 2007 Bonds or the interest on the invested funds will be available for the payment of debt service on the 2017 Series B Bonds.

See "ESTIMATED SOURCES AND USES OF FUNDS" below.

ESTIMATED SOURCES AND USES OF FUNDS

Set forth below are the estimated sources and uses of proceeds of the 2017 Series B Bonds.

Sources:

Par Amount of the 2017 Series B Bonds	\$ _____
Net Original Issue Premium	_____
Funds Relating to 2007 Bonds	_____
TOTAL SOURCES:	\$ _____

Uses:

Costs of Issuance ⁽¹⁾	\$ _____
Deposit to 2007 Redemption Fund	_____
TOTAL USES:	\$ _____

⁽¹⁾ Includes Underwriters' Discount, legal fees, printing, rating agency fees and expenses, fees of the Municipal Advisor, fees of the Fiscal Consultant, Policy premium, Reserve Policy premium, and other issuance costs of the 2017 Series B Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS OF THE 2017 SERIES B BONDS

The following table provides the annual debt service requirements of the 2017 Series B Bonds.

<u>Year Ending (October 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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THE 2017 SERIES B BONDS

General

The 2017 Series B Bonds will be dated as of the date of original delivery (the "Closing Date"), will bear interest at the rates per annum and will mature on the dates and in the amounts set forth on the inside cover page hereof. The 2017 Series B Bonds will be issued in fully registered form, without coupons, in the denomination of \$5,000 each or any integral multiple thereof. Interest on the 2017 Series B Bonds is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2017 (each an "Interest Payment Date"). Principal of and premium, if any, on the 2017 Series B Bonds is payable upon the surrender thereof at the corporate trust office of the Trustee in Los Angeles, California. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the registered owners as of the fifteenth day of the month preceding the Interest Payment Date (the "Record Date"). At the written request of an Owner of the 2017 Series B Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, interest on the applicable 2017 Series B Bonds shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request (any such written request shall remain in effect until rescinded in writing by the Owner). The principal of and premium (if any) on the 2017 Series B Bonds shall be payable in lawful money of the United States of America by check or draft of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

Notwithstanding the foregoing, while the 2017 Series B Bonds are held in the book-entry only system of DTC, all such payments of principal, interest and premium, if any, will be made to Cede & Co. as the registered owner of the 2017 Series B Bonds, for subsequent disbursement to Participants and beneficial owners. See APPENDIX E – "DTC AND THE BOOK-ENTRY SYSTEM."

Redemption of the 2017 Series B Bonds

Optional Redemption. The 2017 Series B Bonds maturing on or before October 1, _____, are not subject to optional redemption prior to maturity. The 2017 Series B Bonds maturing on or after October 1, _____ may be called before maturity and redeemed at the option of the Successor Agency, in whole or in part, from any source of funds, on any date on or after October 1, _____, among maturities at the discretion of the Successor Agency and by lot within a maturity. 2017 Series B Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of 2017 Series B Bonds to be redeemed plus accrued interest to the redemption date, without premium.

Mandatory Sinking Fund Redemption. The 2017 Series B Bonds maturing on October 1, _____ (the "Term Bonds"), are subject to mandatory sinking fund redemption in part by lot at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date of redemption, without premium, in the aggregate respective principal amounts and on October 1, in the respective years as set forth in the following table; provided, however, that in lieu of mandatory sinking fund redemption thereof such 2017 Series B Bonds may be purchased by the Agency pursuant to the Indenture:

Bonds Maturing October 1, _____

Redemption Date	Amount
(October 1)	

In the event that the Term Bonds have been optionally redeemed in part, the total amount of all future sinking account payments set forth for the above Term Bonds will be reduced by the aggregate principal amount

of the Term Bonds so redeemed, to be allocated among each sinking account payment for the Term Bonds on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency. In lieu of redemption of Term Bonds as described above, amounts on deposit in the Special Fund (to the extent not required to be transferred by the Trustee pursuant to the Indenture during the current Bond Year as described below) may also be used and withdrawn at the direction of the Successor Agency at any time for the purchase of such Term Bonds at public or private sale as and when and at such prices as the Successor Agency may in its discretion determine. The par amount of any Term Bonds so purchased by the Agency and tendered to the Trustee in any twelve month period ending on August 1 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed pursuant to the Indenture on the next succeeding October 1.

Notice of Redemption; Rescission

Notice of redemption shall be given by the Trustee for and on behalf of the Successor Agency, not less than 30 nor more than 60 days prior to the redemption date by first class mail, postage prepaid, to (i) the Owners of any 2017 Series B Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Request of the Successor Agency delivered to the Trustee (by any means acceptable to such depositories and services in substitution of first class mail); *provided, however*, that such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such 2017 Series B Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall, if applicable, designate the CUSIP number of the 2017 Series B Bonds to be redeemed, shall state the individual number of each 2017 Series B Bonds to be redeemed or state that all Bonds between two stated numbers (both inclusive) or shall state that all of the 2017 Series B Bonds Outstanding of one or more maturities are to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on the 2017 Series B Bonds to be redeemed will not accrue from and after the date fixed for redemption.

The Successor Agency shall have the right to rescind any optional redemption notice by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2017 Series B Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Upon the payment of the redemption price of 2017 Series B Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the 2017 Series B Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption of 2017 Series B Bonds

In the event only a portion of any 2017 Series B Bond is called for redemption, then upon surrender thereof the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new 2017 Series B Bond or 2017 Series B Bonds of the same interest rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2017 Series B Bond or 2017 Series B Bonds to be redeemed.

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the 2017 Series B Bonds so called for redemption shall have been duly deposited with the Trustee, such 2017 Series B Bonds so called shall cease to be entitled to any benefit under the

Indenture, other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice. All 2017 Series B Bonds redeemed or purchased pursuant to the Indenture shall be canceled by the Trustee.

SECURITY FOR THE 2017 SERIES B BONDS

Special Obligations

The 2017 Series B Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from Tax Revenues on a parity with the Parity Bonds, and funds on deposit in certain funds and accounts established under the Indenture, and the Successor Agency is not obligated to pay such principal and interest except from such Tax Revenues. The 2017 Series B Bonds are payable as set forth in the Indenture, are not a debt of the County, the State of California or any other political subdivision of the State (other than the Successor Agency, to the limited extent described in the Official Statement), and neither the State, the County nor any of the State's other political subdivisions are liable therefor (other than the Successor Agency, to the limited extent described in the Official Statement), nor in any event shall the 2017 Series B Bonds be payable out of any funds or properties other than those of the Successor Agency pledged therefor as provided in the Indenture.

Tax Increment Financing Generally

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

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

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

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

That portion of the levied taxes described in paragraph (ii) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the "on and after January 1, 1989" reference from paragraph (i) above. Additionally, effective September 22, 2015, debt service override revenues approved by the voters for the purpose of supporting pension programs, capital projects, or programs related to the State Water Project, that are not pledged to or needed for debt service on successor agency obligations are allocated and paid to the entity that levies the override and will not be deposited into the Redevelopment Property Tax Trust Fund unless otherwise pledged to the payment of debt service on bonds. No such overrides have been or are pledged to the 2017 Series B Bonds.

See “LIMITATIONS ON TAX REVENUES – Proposition 87” for further information regarding voter approved debt service overrides.

Pledge of Tax Revenues

Under the Indenture, the Tax Revenues (as defined below) and certain other amounts pledged thereunder and allocated and paid to the Agency are pledged to the payment of debt service on the 2017 Series B Bonds and Parity Debt (subject to the lien of the tax-sharing agreements), together with moneys on deposit in the funds and accounts. See Table 10 herein showing the projected Tax Revenues, and debt service coverage on the 2017 Series B Bonds.

“Tax Revenues” means all taxes annually allocated and paid to the Successor Agency with respect to the Project Area following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and other applicable State laws and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations (but excluding payments to the Successor Agency with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the California Government Code); and including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the 2017 Series B Bonds and any Parity Debt (including applicable reserves and financing costs) used to finance or refinance the increasing or improving of the supply of low and moderate income housing within or of benefit to the Project Area, but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and excluding investment earnings. Pursuant to the Dissolution Act, a portion of such taxes are no longer required to be deposited into the Low and Moderate Income Housing Fund pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Redevelopment Law (the “Prior Housing Deposit”), and, accordingly, such taxes shall exclude only the amount of the Prior Housing Deposit required to pay the Pro Rata Share of Housing Debt Service. Tax Revenues shall not include amounts payable by the Successor Agency under agreements entered into pursuant to Section 33401 of the Redevelopment Law, and amounts payable by the Successor Agency pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law (except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the 2017 Series B Bonds, including any Parity Debt).

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

“Housing Bonds” means, collectively, the following: (i) the Former Agency’s Redevelopment Agency for the County of Riverside 2004 Taxable Tax Allocation Housing Bonds, Series A-T, (ii) the Former Agency’s 2010 Taxable Tax Allocation Housing Bonds, Series A-T, (iii) the Former Agency’s 2011 Tax Allocation Housing Bonds, Series A, and (iv) the Former Agency’s 2011 Taxable Tax Allocation Housing Bonds, Series A-T, (v) the Successor Agency’s 2014 Tax Allocation Housing Refunding Bonds, Series A, (vi) the Successor Agency’s 2015 Tax Allocation Housing Refunding Bonds, Series A, (vii) the Successor Agency’s 2017 Tax

Allocation Housing Refunding Bonds, Series A, and (viii) any bonds issued to refund such bonds similarly secured by amounts which prior to the adoption of the Dissolution Act were required to be deposited into the Low and Moderate Income Housing Fund of the Former Agency pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Law.

The 2017 Series B Bonds and all Parity Debt, shall be secured by a pledge of, security interest in and lien on all of the Tax Revenues and all of the moneys on deposit in the Special Fund, as more fully described below under the caption "*Funds and Accounts Established Under the Indenture - Special Fund; Deposit of Tax Revenues.*" In addition, the 2017 Series B Bonds and all Parity Debt, shall, subject to certain provisions of the Indenture, be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Redemption Account and the Reserve Account. Such pledge, security interest in and lien shall be for the equal security of the Outstanding 2017 Series B Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery.

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

In consideration of the acceptance of the 2017 Series B Bonds by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the 2017 Series B Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the 2017 Series B Bonds without preference, priority or distinction as to security or otherwise of any of the 2017 Series B Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

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

subordinate the statutory pass-through payments to the repayment of indebtedness. The Agency subordinated the statutory pass-through payments to the repayment of Bonds. See APPENDIX A – “REPORT OF FISCAL CONSULTANT – Fiscal Agreements” for a description of the Agency’s obligation to make statutory tax sharing payments and “JURUPA VALLEY REDEVELOPMENT PROJECT AREA – Statutory Tax Sharing Payments.”

Low and Moderate Income Housing Set-Aside

Prior to the Dissolution Act, the Redevelopment Law required generally that redevelopment agencies set aside in a low and moderate income housing fund (the “Low and Moderate Income Housing Fund”) not less than 20% of all tax revenues allocated to agencies from redevelopment project areas adopted after December 31, 1976, for authorized housing purposes. Prior to the passage of the Dissolution Act, the Former Agency issued several series of bonds (the “Housing Bonds”) secured by the Low and Moderate Income Housing Fund. This 20% set-aside requirement was eliminated by the Dissolution Act; however, the Housing Bonds have a prior lien on such amounts required to pay debt service on the Housing Bonds. The Agency had, as of June 1, 2017, \$167,060,000 million in total principal outstanding secured by the Low and Moderate Income Housing Fund. Excess amounts that would otherwise have remained in the Low and Moderate Income Housing Fund are available as Tax Revenues. For purposes of the Tax Revenue projection, the Housing Bonds’ debt service has been allocated proportionately to each of the Successor Agency’s project areas based on the proportionate share of each project area’s tax increment. See, “JURUPA VALLEY REDEVELOPMENT PROJECT AREA – Allocation of Former Low and Moderate Income Housing Set-Asides.” Excess amounts that would otherwise have remained in the Low and Moderate Income Housing Fund are available as Tax Revenues.

Assembly Bill 1290

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

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

The tax sharing payments described above are required to be made prior to payment of debt service on bonds or loans secured by tax increment from project areas which are subject to AB 1290. However, the provisions of Section 33607.5(e) of the Redevelopment Law and Section 34177.5(c) of the Dissolution Act set forth a process pursuant to which such pass-through payments may be subordinated to debt service on newly-issued bonds or loans, including the 2017 Series B Bonds. The Successor Agency has taken action to subordinate the pass-through payments of the 2017 Series B Bonds per the provisions of Section 34177.5(c) pursuant to letters to the taxing agencies.

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

Redevelopment Property Tax Trust Fund

The Dissolution Act authorizes bonds, including the 2017 Series B Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described below.

Allocation of Taxes Subsequent to the Dissolution Act

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of ABX1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act (the "Redevelopment Property Tax Trust Fund"). The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of ABX1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date so that property tax revenues (formerly tax increment revenues) are paid to the Successor Agency in such amounts and on such dates to ensure the timely payment of debt service on the 2017 Series B Bonds from Tax Revenues and the Housing Bonds from amounts formerly required to be deposited in the Low and Moderate Income Housing Fund. Pursuant to the Dissolution Act, the Successor Agency has covenanted to take all actions necessary to ensure that the 2017 Series B Bonds will be included in the Successor Agency's Recognized Obligation Payment Schedules as prepared from time to time under the Dissolution Act.

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

Recognized Obligation Payment Schedule

The Dissolution Act requires that successor agencies annually prepare and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule" or "ROPS") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

Submission of ROPS Schedule. Pursuant to SB 107, commencing on February 1, 2016, successor agencies were transitioned to an annual Recognized Obligation Payment Schedule process pursuant to which successor agencies are 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 have current plans to submit a Last and Final Recognized Obligation Payment Schedule. Additionally, the Successor Agency has covenanted to Build America Mutual Assurance Company ("BAM"), in connection with the issuance of certain other bonds of the Successor Agency in 2016, that it would not submit a Last and Final Recognized Obligation Payment Schedule without BAM's prior written consent.

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

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

Successor Agency Covenants to Comply with ROPS. In the Indenture, the Successor Agency has covenanted to comply with the Redevelopment Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indenture. Further, it promises to take all actions required under the Dissolution Act to include scheduled debt service on the 2017 Series B Bonds and any Parity Debt, all amounts required to be deposited into the Special Fund pursuant to the Indenture, as well as any amount required under the Indenture to replenish the Reserve Account and amounts required to reimburse the Insurer, in the ROPS so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 all amounts required to be deposited in the Special Fund and in the Parity Debt Special Funds (pursuant to the Indenture) which amounts will be used to pay debt service on the 2017 Series B Bonds and any Parity Debt and to pay any reimbursement to the Insurer. These actions will include, without limitation, placing on the ROPS for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency in the Special Fund, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with the Indenture. The Successor Agency has also covenanted in the Indenture to calculate the amount of Tax Revenues received, as described above, to ensure that Tax Revenues are properly credited to and deposited in the Retirement Fund and the Special Fund, as required by the Indenture.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as

if the bonds had been issued prior to the effective date of ABX1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's ROPS.

Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the State Department of Finance to provide written confirmation that its determination of such enforceable obligation as approved in a ROPS is final and conclusive, and reflects the Department's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the State Department of Finance, then the State Department of Finance's review of such payments in each future ROPS will be limited to confirming that they are required by the prior enforceable obligation.

The Successor Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provisions of additional sources of income to taxing agencies having the effect of reducing the property tax rate could reduce the amount of tax increment revenues that would otherwise be available to pay debt service on the 2017 Series B Bonds. Likewise, broadened property tax exemptions could have a similar effect. See "BOND OWNERS' RISKS" and "LIMITATIONS ON TAX REVENUES."

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

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance (as defined in the Dissolution Act). If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency for the administrative costs allowance in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed for contractual or statutory tax sharing amounts, but only to the extent such payments are subordinate to the payment of debt service on enforceable obligations, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted. The Successor Agency has subordinated all of the statutory pass through amounts to the payment of debt service on the 2017 Series B Bonds and Parity Bonds, however, payments with respect to contractual pass through agreements are senior to the payment of debt service on the 2017 Series B Bonds and Parity Bonds.

The Successor Agency believes but cannot guarantee that this process prescribed by the Dissolution Act of administering the tax increment revenues and the statutory tax sharing amounts will effectively result in adequate Tax Revenues for the payment of principal and interest on the 2017 Series B Bonds when due. See "Recognized Obligation Payment Schedule," above. See also "ESTIMATED REVENUES AND BOND RETIREMENT" for additional information regarding the Statutory Tax Sharing Amounts applicable to the Successor Agency and the revenues derived from the Project Area. The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available to pay the principal of and interest on the 2017 Series B Bonds. See "BOND OWNERS' RISKS."

The 2017 Series B Bonds are not a debt of the County, the State or any of its political subdivisions (except the Successor Agency), and none of the County, the State or any of its political subdivisions (except the Successor Agency) is liable therefor. The 2017 Series B Bonds do not constitute indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

Funds and Accounts Established Under Indenture

The Indenture establishes the following funds and accounts:

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

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

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

All Tax Revenues received by the Successor Agency during any Bond Year in excess of (i) the amount required to be deposited as described in the preceding paragraph and (ii) amounts due and payable to the Insurer shall be released from the pledge, security interest and lien under the Indenture for the security of the 2017

Series B Bonds and any additional Parity Debt and may be applied by the Successor Agency for any lawful purpose of the Successor Agency, including but not limited to the payment of Subordinate Debt, or the payment of any rebate amounts due and owing to the United States of America. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the 2017 Series B Bonds and the payment in full of all other amounts payable under the Indenture, and under any Parity Debt Instrument, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Debt Service Fund, except as may be provided in the Indenture and in any Parity Debt Instrument.

The Successor Agency acknowledges that, due to the passage of Dissolution Act, it will need to take certain actions to ensure that it collects sufficient Tax Revenues to make the deposits as and when required to be made into the Special Fund pursuant to the Indenture, and in order to insure the payment of debt service on the 2017 Series B Bonds on a timely basis. The Successor Agency covenants that it will take all such actions as required to make the deposits as and when required to be made into the Special Fund pursuant to the Indenture, and to make the timely payment of debt service on the 2017 Series B Bonds. The Successor Agency further acknowledges that the provisions of the Dissolution Act require that it establish the Retirement Fund, into which all Tax Revenues are required to be deposited. The Successor Agency has heretofore established the Retirement Fund as required by Section 34170.5(a) of the California Health and Safety Code, and covenants that it shall continue to hold and maintain the Retirement Fund so long as any of the 2017 Series B Bonds are Outstanding. The Successor Agency agrees in the Indenture that it will hold the Special Fund and the Parity Debt Special Funds as accounts within Retirement Fund and will continue to deposit all Tax Revenues, as and when received, into such funds in order to ensure that all Tax Revenues are available for the payment of debt service on the 2017 Series B Bonds and Parity Debt on a timely basis including all amounts due to the Insurer.

Debt Service Fund; Transfer of Amounts to Trustee. The Indenture establishes a special trust fund to be known as the "Debt Service Fund," which shall be held by the Trustee hereunder in trust. Moneys in the Special Fund shall be transferred by the Successor Agency to the Trustee and transferred by the Trustee in the following amounts, at the following times, and into the following respective special accounts within the Debt Service Fund, which accounts are hereby established, or continued, as applicable, with the Trustee to pay debt service on the 2017 Series B Bonds and any Parity Debt not otherwise provided for in a Parity Debt Instrument, in the following order of priority:

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

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

(c) Sinking Account. On or before the sixth (6th) Business Day preceding each October 1 on which any Outstanding 2017 Series B Term Bonds become subject to mandatory redemption, or

otherwise for purchases of 2017 Series B Term Bonds, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the 2017 Series B Term Bonds required to be redeemed on such October 1. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the 2017 Series B Term Bonds as it shall become due and payable upon redemption or purchase.

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

(e) Redemption Account. On or before the Business Day preceding any date on which 2017 Series B Bonds are subject to redemption, other than mandatory Sinking Account redemption of 2017 Series B Term Bonds, the Successor Agency shall transfer to the Redemption Account the amounts required to pay the principal of and premium, if any, on the 2017 Series B Bonds to be so redeemed on such redemption date to the Trustee. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the 2017 Series B Bonds upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of 2017 Series B Term Bonds. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such 2017 Series B Bonds, the Trustee may, at the direction of the Successor Agency, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of 2017 Series B Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on 2017 Series B Bonds, which is payable from the Interest Account) as shall be directed by the Successor Agency.

Reserve Requirement. The “Reserve Requirement” is defined in the Indenture to mean, with respect to the 2017 Series B Bonds or any Parity Debt (including the 2011 Bonds and the 2015 Bonds), as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the 2017 Series B Bonds or Parity Debt, as applicable, provided that if the original issue discount of the 2017 Series B Bonds or Parity Debt exceeds 2% of such original principal amount, then initially ten percent (10%) of the original principal amount of, less original issue discount on, the 2017 Series B Bonds or Parity Debt, but excluding from such calculation any proceeds of Parity Debt deposited in an escrow described in the definitions of Annual Debt Service and Maximum Annual Debt Service, (ii) Maximum Annual Debt Service with respect to the 2017 Series B Bonds or Parity Debt, as applicable, or (iii) 125% of average Annual Debt Service on the 2017 Series B Bonds or Parity Debt, as applicable; provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. For purposes of calculating Maximum Annual Debt Service with respect to determining the Reserve Requirement, variable rate Parity Debt shall be deemed to bear interest at the maximum rate permitted by the Parity Debt Instrument. The calculation of the Reserve Requirement may, at the option of the Successor Agency, be made with respect to the 2017 Series B Bonds and any Parity Debt, including the Parity Bonds, on a combined basis, as provided in the Indenture, provided that the Trustee shall establish separate subaccounts for the proceeds of the 2017 Series B Bonds and any such Parity Debt to enable the Trustee to track the investment of the proceeds of the 2017 Series B Bonds and Parity Debt on an individual basis.

The Successor Agency has determined in the Indenture to calculate the Reserve Requirement to the 2017 Series B Bonds amount separate from the Parity Bonds outstanding.

“Maximum Annual Debt Service” means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year payable on the 2017 Series B Bonds or any Parity Debt in such Bond Year. For purposes of such calculation, variable rate Parity Debt shall be deemed to bear interest at the maximum rate permitted by the Parity Debt Instrument pursuant to which such Parity Debt is issued. For purposes of such calculation, there shall be excluded debt service payments with respect to the 2017 Series B Bonds or any Parity Debt (i) to the extent that amounts due with respect to the 2017 Series B Bonds or such Parity Debt are prepaid or otherwise discharged in accordance with the Indenture or the relevant Parity Debt Instrument or (ii) to the extent the proceeds thereof are then deposited in an escrow fund in which amounts are invested in Permitted Investments and from which moneys may not be released to the Successor Agency unless the amount of Tax Revenues for the current Fiscal Year (as evidenced in the written records of the County) plus Additional Revenues at least meets the requirements of the Indenture.

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

“Qualified Reserve Account Credit Instrument” means (i) the Reserve Policy, or (ii) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met by the Agency at the time of delivery thereof to the Trustee: (a) S&P or Moody’s have assigned a long-term credit rating to such bank or insurance company is “AAA” or “Aaa,” respectively; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture; and (e) prior written notice is given to the Insurer before the effective date of any such Qualified Reserve Account Credit Instrument. Notwithstanding the foregoing, in the event of the issuance of Parity Debt (the “Refunding Parity Debt”) to refund existing Parity Debt (the “Refunded Parity Debt”) that has a Qualified Reserve Account Credit Instrument (the “Existing Qualified Reserve Account Credit Instrument”) on deposit in the Reserve Account (or in any subaccount therein) established with respect to such Refunded Parity Debt, any irrevocable standby or direct-pay letter of credit or surety bond proposed to be deposited in the Reserve Account or any subaccount thereof, or into another reserve account, to satisfy the Reserve Requirement with respect to the Refunding Parity Debt issued on or after October 1, 2014, shall only need to be rated no lower than the higher of (i) the current long term credit rating assigned by S&P or Moody’s to the bank or insurance company that issued the Existing Qualified Reserve Account Credit Instrument or (ii) “A” or “A2,” respectively, by S&P or Moody’s.

To satisfy the Reserve Requirement for the Parity Bond, the Agency has previously caused the Trustee to deposit Qualified Reserve Account Credit Instruments or cash, to the respective reserve accounts for the Parity Bonds as follows:

TABLE 1
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Jurupa Valley Redevelopment Project Area

<u>Outstanding Parity Debt</u>	<u>Cash Deposit</u>	<u>Credit Instrument</u>	<u>Stated Amount</u>	<u>Provider</u>
2011B Jurupa Valley Bonds	\$2,313,300.05			
2011B-T Jurupa Valley Bonds	1,152,500.00			
2015 Jurupa Valley Bonds		Surety Policy	5,883,663.33	AGM
2016 Jurupa Valley Bonds		Surety Policy	<u>\$3,703,450.00</u>	BAM
Total	<u>\$3,465,800.05</u>		<u>\$9,587,113.33</u>	

⁽¹⁾ Does not include 2007 Bonds to be refunded.

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

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

Municipal Bond Debt Service Reserve Insurance Policy

[TO COME]

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

Additional Bonds

Issuance of Additional Agency Parity Debt. The Agency has covenanted to not issue any obligations payable from Tax Revenues on a senior basis to the 2017 Series B Bonds and the Parity Bonds outstanding. The Indenture provides that the Successor Agency may issue or incur additional Parity Debt, solely for the purpose of refunding the 2017 Series B Bonds and any Parity Debt, subject to the conditions summarized in part below,

provided that the conditions set forth in (a), (b) and (c) below need not be met if such refunding results in savings in each Bond Year.

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

(b) The Tax Revenues for each succeeding Fiscal Year based on the most recent assessed valuation of property in the Project Area as evidenced in written documentation from an appropriate official of the County or a written report of an Independent Redevelopment Consultant plus any Additional Revenues shall be at least equal to one hundred twenty-five percent (125%) of Annual Debt Service on the 2017 Series B Bonds and Parity Debt which will be outstanding immediately following the issuance of such Parity Debt for each applicable succeeding Bond Year.

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

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

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

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

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

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

Events of Default

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

(a) Failure to pay any installment of the principal of any 2017 Series B Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Failure to pay any installment of interest on any 2017 Series B Bonds when and as the same shall become due and payable.

(c) Failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the 2017 Series B Bonds contained, if such failure shall have continued for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Successor Agency by the Trustee or the Insurer; provided, however, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Successor Agency with the

prior written consent of the Insurer within such thirty (30) day period and the Successor Agency shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

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

Subject in all respects to the provisions of the Indenture, if an Event of Default has occurred and is continuing, the Trustee may (with the prior written consent of the Insurer), or if requested in writing by the Insurer, or, with the prior written consent of the Insurer, the Owners of a majority of the principal amount of the 2017 Series B Bonds then Outstanding the Trustee shall, (a) declare the principal of the 2017 Series B Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the 2017 Series B Bonds to the contrary notwithstanding, and (b) upon receipt of indemnity satisfactory to it from any liability or expense, including payment of the fees and expenses of its counsel and agents, exercise any other remedies available to the Trustee and the Owners in law or at equity. The Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Tax Revenues, if appropriate, and for the revenues, income, product, and profits thereon, if any, ex parte, and without notice, and the Successor Agency consents to the appointment of such receiver upon the occurrence of an Event of Default. If any receivership, bankruptcy, insolvency, or reorganization or other judicial proceedings affecting the Successor Agency is filed, the Trustee shall be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and Owners allowed in such proceedings for the entire amount due and payable under the Indenture at the time of the institution of such proceedings, and also for any additional amount which may become due and payable after such date, without prejudice to the right of any Owner to file a claim on his own behalf. The Trustee shall not be obligated to take any such action unless offered compensation, indemnity for its potential liability, and reimbursement for its legal fees and expenses in accordance with this Section.

Promptly upon becoming aware of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency and the Insurer in writing. Such notice shall also state whether the principal of the 2017 Series B Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Owners in the same manner as provided herein for notices of redemption of the 2017 Series B Bonds, which shall include the statement that interest on the 2017 Series B Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the 2017 Series B Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the 2017 Series B Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the 2017 Series B Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the 2017 Series B Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the 2017 Series B Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law) at the weighted average interest rate then borne by the Outstanding 2017 Series B Bonds, and the fees and expenses of the Trustee, including any fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the 2017 Series B Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case with the prior written consent of the Insurer, the Owners of a majority of the principal amount of the 2017 Series B Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the 2017 Series B Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

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

The Agency

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

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

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

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

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

As discussed below, many actions of the Successor Agency are subject to approval by an "oversight board" and the review or approval by the California Department of Finance, including the issuance of bonds such as the 2017 Series B Bonds.

Oversight Board

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

The Oversight Board has fiduciary responsibility to the holders of enforceable obligations and the taxing entities that benefit from the distributions of property tax and other revenue. The Oversight Board will oversee the "winding down" process of the Redevelopment Agency for the County of Riverside and meets on an as-needed basis throughout the year. For example, the establishment of each ROPS must be first approved by the

Oversight Board. The issuance of bonds, such as the 2017 Series B Bonds, is subject to the approval of the Oversight Board. All actions of the Oversight Board are subject to review by the California State Department of Finance (the "State Department of Finance" or the "DOF"). Certain Successor Agency matters are also subject to review by the County Auditor-Controller and the State Controller.

The Dissolution Act provides that, starting July 1, 2018, the current Oversight Board will be replaced, such that there will be only one oversight board for all of the successor agencies in the County. The Board will be comprised of seven members to be appointed to represent the different categories of taxing entities, the public and employees of successor agencies.

Department of Finance Finding of Completion

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

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

Because the Successor Agency has made the remittances required by the DOF's final determination concerning the DDRs, as well as certain other amounts previously required to be remitted pursuant to the Dissolution Act, the DOF issued a "Finding of Completion" to the Successor Agency on April 18, 2013. Upon receipt of such Finding of Completion, the Successor Agency is authorized to proceed with actions permitted under certain provisions of the Dissolution Act, such as the submission of a Long Range Property Management Plan relating to the disposition of Agency-owned real properties. The Successor Agency has submitted its Long Range Property Management Plan to DOF. Currently, there are no material disagreements between the Successor Agency and the County Auditor Controller's Office or the Department of Finance.

State Controller Asset Transfer Review

The Dissolution Act requires that the State Controller to conduct a review of the activities of each former redevelopment agency and determine if such redevelopment agency transferred assets to a city, county or other local agency after January 1, 2011. If such an asset transfer did occur and the government agency that received the assets is not contractually committed to a third party for the expenditure or encumbrance of those assets, to the extent not prohibited by state and federal law, the State Controller must order the available assets to be returned to the relevant successor agency. The State Controller's Office completed the asset transfer audit of the Successor Agency with no findings.

JURUPA VALLEY REDEVELOPMENT PROJECT AREA

General

General. The formation of the Project Area involved the merging of three existing project areas of the County (Project Areas Nos. 2, 2-1987 and 2-1989), totaling in the aggregate approximately 5,845 acres, and the addition of 10,755 acres of territory to the merged project areas through an amendment.

The original project area (the "Original Area" or Project Area No. 2) was approved on December 23, 1986 and consisted of 1,955 acres in the unincorporated community of Mira Loma. An amendment in 1988 added 368 acres and an amendment in 1989 added 1,533 acres to the Original Area. On December 22, 1987 an additional project area (the "1987 Project Area") consisting of two Sub-Areas was approved in the unincorporated communities of Glen Avon and Rubidoux. These two Sub-Areas were 120 acres and 515 acres, respectively. On July 5, 1989 another project area (the "1989 Project Area") was approved, which consisted of two Sub-Areas located in the unincorporated community of Pedley (777 acres) and within an additional portion of the Rubidoux community (577 acres).

On July 9, 1996, pursuant to Ordinance Nos. 762 and 763, the Riverside County Board of Supervisors adopted the Jurupa Valley Redevelopment Project Area Amendment and Merger. The Project Area formation involved the merger of three existing redevelopment project areas, Project Areas Nos. 2-1986 (Mira Loma), 2-1987 (Glen Avon and Rubidoux), and 2-1989 (Pedley and Rubidoux). This Amendment and Merger included an addition of 10,755 acres of territory (the "1996 Amendment Area") to the merged project areas. The Project Area is a single contiguous project area and is located in the northwest region of the County. The total acreage for the project area is 16,600 acres. At present, the Project Area consists of a mixture of commercial, industrial and residential development as well as substantial acreage for new development.

The Project Area is primarily located in the City of Jurupa Valley, which incorporated in 2011, and is located in the northwest portion of the County. Originally, the Project Area contained five unincorporated communities. The boundaries of these communities are somewhat obscure. However, the following description of the communities is generally an accurate portrayal of the components of the Project Area.

Mira Loma. Located in the northwestern-most portion of the County and the City of Jurupa Valley, the community of Mira Loma has evolved into a large-scale industrial center. This center includes 2,489 acres from the Original Area, including amendments, generally located north of State Route 60 and is primarily industrial in nature. The Sub-Area also includes a portion of the 1996 Amendment Area which resulted in the addition of industrial land along Interstate 15 south of State Route 60. Numerous corporate warehouse/distribution and manufacturing firms have located large facilities in this Sub-Area, including Nestle, Costco, Anheuser-Busch, Union Pacific and many others. Like much of the land in this region, warehouse distribution and industrial development has steadily replaced dairy farms and grape vineyards. Most of the land in the Sub-Area is zoned either commercial or industrial. The southwestern portion of the Sub-Area consists mostly of older single-family residences with scattered neighborhood commercial uses.

Rubidoux. The community of Rubidoux is an older community with a rich historical past dating back to the turn of the century. Rubidoux lies just west of the City of Riverside and is adjacent to State Route 60, which is one of two major arterials linking Riverside County to the larger Los Angeles region. The portions of Rubidoux adopted into the 1987 Project Area and 1989 Project Area are composed of approximately 1,092 acres of commercial property primarily along two major thoroughfares: Mission and Rubidoux Boulevards. The 1996 Amendment Area added residential area outside the commercial core and included some heavy industrial areas along Market Street north of the commercial core. The commercial corridor along Mission Boulevard underwent a comprehensive revitalization program administered by the Agency. Improvements included upgrades to the existing water system in order to meet fire flow requirements and to serve future development along the boulevard. Other program components included street improvements, landscaping, upgraded lighting and a

façade improvement program. The residential areas in Rubidoux primarily contain low to moderate-income housing.

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

Glen Avon. The community of Glen Avon is located south of State Route 60 between Mira Loma and Rubidoux. Bisected by Mission Boulevard, Glen Avon consists mostly of residential and neighborhood commercial uses. The portion of Glen Avon in the 1987 Project Area is composed of 120 acres in the commercial core of the area. The 1996 Amendment to the Project Area enabled the Agency to add a large amount of land extending west to Mira Loma and east to Rubidoux. Land uses consist of scattered residential and commercial development and some fallow agricultural land.

Pedley. The community of Pedley contains a large portion of the newest housing stock in the Jurupa Valley Project Area. The 1989 Project Area contained 777 acres along Limonite Avenue east of Van Buren Boulevard. The 1996 Amendment Area included an older residential area just to the west of Van Buren Boulevard. Both suburban and rural in character, the center of the community lies at the intersection of Van Buren Boulevard and Limonite Avenue adjacent to the Santa Ana River. This area is characterized by neighborhood commercial land uses and various types of housing product. The northern and southern portions of the community are designated for industrial development. However, most of the industrial parcels are smaller than those in Mira Loma. The area adjacent to the two heavily traveled roadways, Limonite Avenue and Van Buren Boulevard, has been recognized as having potential for future commercial development.

Redevelopment Plan Limitations

In 1993, the California Legislature enacted AB 1290. Among the changes to the Redevelopment Law accomplished by AB 1290 was a provision which limits the period of time for incurring and repaying loans, advances and indebtedness which are payable from tax increment revenues. In general, a redevelopment plan may terminate not more than 40 years following the date of original adoption, and loans, advances, and indebtedness may be repaid during a period extending not more than 10 years following the date of termination of the redevelopment plan.

The Sub-Areas added to the Project Area after January 1, 1994 are subject to the special requirements of AB1290, which replaced tax increment caps and negotiated fiscal agreements with finite plan durations and statutory payments to taxing entities, among other requirements. The Redevelopment Plan was subsequently brought into conformance with plan duration and other provisions of AB1290. The California Legislature enacted Senate Bill 1045, Chapter 260, Statutes 2003, effective September 1, 2003 ("SB 1045") and Senate Bill 1096, Chapter 211, Statutes of 2004 ("SB 1096"). SB 1045 and AB 1096 provide, among other things, that the Redevelopment Plan for the Project Area may be amended to add up to three years on to the effectiveness of the Redevelopment Plan and on to the period for collection of tax increment revenues and the repayment of debt. Pursuant to the authorization contained in SB 1045, the Board of Supervisors adopted Ordinance No. 835 on November 30, 2004, (effective December 30, 2004) eliminating the time limitations on incurring debt. As a result, the Project Area is subject to statutory tax sharing payments. Those taxing entities that have entered into negotiated tax sharing agreements continue to receive tax sharing payments in accordance with the terms of those agreements. The taxing entities without tax sharing agreements will receive their proportionate share of the statutory payments described below.

SB 107 clarifies that former tax increment limits set forth in redevelopment plans such as the Redevelopment Plan no longer apply for purposes of paying approved enforceable obligations such as the 2017 Series B Bonds.

Largest Taxpayers in the Project Area

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

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

TABLE 2
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Jurupa Valley Redevelopment Project Area
Ten Largest Property Taxpayers by Assessed Value
(Fiscal Year 2016/17)

<u>Property Owner</u>	<u>Secured and Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Pct of Total</u>	<u>Pct of Incremental Valuation</u>	<u>Sub-Area</u>	<u>Principal Land Use</u>
COSTCO WHOLESALE CORP ⁽¹⁾	\$ 164,120,608	\$ 91,318	\$ 164,211,926	3.0%	3.7%	Jurupa Valley Amend	Industrial
TEACHERS INSURANCE ANNUITY ASSN ⁽¹⁾	136,993,124	-	136,993,124	2.5	3.1	Jurupa Valley Amend	Industrial
AMB INSTITUTIONAL ALLIANCE FUND III ⁽¹⁾	112,867,789	-	112,867,789	2.1	2.6	Jurupa Valley Amend	Industrial
EASTVALE GATEWAY	89,793,047	-	89,793,047	1.6	2.0	Jurupa Valley Amend	Shopping Center
UPS SUPPLY CHAIN SOLUTIONS GEN ⁽¹⁾	87,118,768	-	87,118,768	1.6	2.0	Jurupa Valley Amend	Industrial
LBA CPT INDUSTRIAL CO I	77,771,302	-	77,771,302	1.4	1.8	Jurupa Valley Amend	Industrial
COMREF SO CA INDUSTRIAL SUB A	64,188,624	-	64,188,624	1.2	1.5	Mira Loma Amend. 1	Industrial
METAL CONTAINER CORP ⁽¹⁾	57,711,446	1,689	57,713,135	1.1	1.3	Mira Loma Amend. 2	Industrial
ONTARIO WAREHOUSE 1 INC	53,774,439	-	53,774,439	1.0	1.2	Mira Loma Amend. 1	Industrial
CELLA ⁽¹⁾	52,483,175	-	52,483,175	1.0	1.2	Mira Loma Amend. 1	Industrial
Total, Top Ten:	\$ 896,822,322	\$ 93,007	\$ 896,915,329	16.4%	20.4		
Total, Top Twenty:	\$1,277,385,374	\$ 1,134,640	\$1,278,520,014	23.4%	29.1		
Total, Top Hundred:	\$2,355,170,304	\$ 170,039,132	\$2,525,209,436	46.2%	57.5		
Totals for the Area:	\$5,057,590,075	\$ 412,246,733	\$5,469,836,808	100.0%			

⁽¹⁾ Owner has appeals pending.

Source: County Office of the Assessor; Urban Analytics

Pass-Through Agreements

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

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

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

All Section 33401 pass-through payments are calculated and made by the Auditor-Controller on the Agency’s behalf. The Agency’s contractual pass-through payments made pursuant to Section 33401 are senior to the 2017 Series B Bonds. In the Sub-Areas adopted after January 1, 1994, the Agency itself makes pass-through payments to taxing entities using the statutory mechanism set out in AB 1290. See APPENDIX A – “REPORT OF FISCAL CONSULTANT.”

Statutory Tax Sharing Payments

The Sub-Areas added to the Project Area after January 1, 1994 are subject to the special requirements of AB1290, which replaced tax increment caps and negotiated fiscal agreements with finite plan durations and statutory payments to taxing entities, among other requirements. The Redevelopment Plan was subsequently brought into conformance with plan duration and other provisions of AB1290. The California Legislature enacted Senate Bill 1045, Chapter 260, Statutes 2003, effective September 1, 2003 ("SB 1045") and Senate Bill 1096, Chapter 211, Statutes of 2004 ("SB 1096"). SB 1045 and AB 1096 provide, among other things, that the Redevelopment Plan for the Project Area may be amended to add up to three years onto the effectiveness of the Redevelopment Plan and onto the period for collection of tax increment revenues and the repayment of debt. Pursuant to the authorization contained in SB 1045, the Board of Supervisors adopted Ordinance No. 835 on November 30, 2004, (effective December 30, 2004) eliminating the time limitations on incurring debt. As a result, the Project Area is subject to statutory tax sharing payments. Those taxing entities that have entered into negotiated tax sharing agreements continue to receive tax sharing payments in accordance with the terms of those agreements. The taxing entities without tax sharing agreements will receive their proportionate share of the statutory payments described below.

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

Under Section 34177.5(c) of the Dissolution Act, the Agency may subordinate the statutory pass-through payments to the repayment of indebtedness. The Agency subordinated the statutory pass-through payments to the repayment of Series 2017 B Bonds.

Successor Agency Indebtedness

In addition to the 2017 Series B Bonds, the Agency currently has certain outstanding indebtedness (see APPENDIX C – “SUCCESSOR AGENCY AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2016” hereto for additional information relating to the payment of indebtedness of the Agency). In addition to the bonds listed below, the Agency has allocated to the Project Area debt service on its Housing Bonds as further described herein under “–Allocation of Former Low and Moderate Income Housing Set-Aside.” A description of outstanding indebtedness of the Agency, other than the 2017 Series B Bonds, as of October 2, 2016 as follows:

TABLE 3
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Jurupa Valley Redevelopment Project Area
Summary of Outstanding Parity Debt
(As of October 2, 2016)⁽¹⁾

	Balance
	<u>October 2, 2016</u>
Bonds:	
2011B Bonds ⁽²⁾	\$ 23,133,001
2011 B-T ⁽²⁾	4,050,000
2015 Bonds ⁽²⁾	60,710,000
2016 Bonds ⁽²⁾	<u>50,670,000</u>
Total	\$138,563,001

⁽¹⁾ Does not include 2007 Bonds to be refunded. October 2 represents day after maturity date.

⁽²⁾ Will remain outstanding as Parity Bonds.

Source: County of Riverside.

Assessed Valuation

Due to the impact of general economic stress in California, assessed values in the Project Area declined by 3.73% in Fiscal Year 2009-10 and by 4.28% in Fiscal Year 2010-11. Fiscal Year 2016-17 had an increase in assessed value of 8.8% over the prior fiscal year. The base year value is 25% of the total taxable value in the Project Area for 2016-17. Table 4 sets forth Project Area assessed valuation for the past ten fiscal years.

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

Roll	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Secured										
- Land	\$1,459,606,278	\$1,593,491,722	\$1,533,212,329	\$1,454,004,414	\$1,476,609,628	\$1,462,567,092	\$1,537,673,047	\$1,595,815,400	\$1,699,357,929	\$1,801,232,645
- Improvements	2,581,971,711	2,754,356,517	2,618,113,112	2,528,154,838	2,527,849,310	2,603,244,367	2,670,794,164	2,783,183,415	2,966,906,804	3,290,815,429
- Personal Property	49,359,918	49,585,217	59,492,822	52,940,437	50,739,174	49,347,849	48,772,240	45,572,309	52,114,063	51,818,866
- Exemptions	(77,724,311)	(82,134,772)	(82,634,045)	(89,238,776)	(84,601,582)	(80,248,613)	(87,840,358)	(88,788,027)	(89,523,327)	(91,568,527)
Secured Total	\$4,013,213,596	\$4,315,298,684	\$4,128,184,218	\$3,945,860,913	\$3,970,596,530	\$4,034,910,695	\$4,169,399,093	\$4,335,783,097	\$4,628,855,469	\$5,052,298,413
Unsecured										
- Land	\$ 37,285	\$ 37,351	\$ 29,278	\$ 497,117	\$ 142,959	\$ 175,431	\$ 7,124	\$ 4,161	\$ 1,047,361	\$ 3,072
- Improvements	159,848,014	183,733,105	198,332,967	193,431,166	210,894,209	210,581,631	219,250,970	212,077,737	208,431,324	225,312,100
- Personal Property	175,706,785	170,702,874	172,430,973	166,733,001	190,042,074	173,110,551	183,643,914	178,374,166	181,522,380	187,022,818
- Exemptions	(23,389)	0	(220,000)	70,436	10,107	(13,770)	(13,770)	0	21,230	(91,257)
Unsecured Total	\$ 335,568,695	\$ 354,473,330	\$ 370,573,218	\$ 360,731,720	\$ 401,089,349	\$ 383,853,843	\$ 402,888,238	\$ 390,456,064	\$ 391,022,295	\$ 412,246,733
Utility										
- Land	\$ 2,919,486	\$ 3,034,076	\$ 2,950,053	\$ 3,229,966	\$ 3,920,865	\$ 3,930,271	\$ 3,875,102	\$ 3,695,025	\$ 3,594,837	\$ 3,276,616
- Improvements	5,726,303	5,515,445	2,160,568	1,683,718	1,815,177	1,714,574	1,521,520	2,321,484	2,411,904	1,953,202
- Personal Property	280,436	348,732	355,415	116,500	46,601	41,128	33,319	44,528	64,743	61,844
- Exemptions	0	0	0	0	0	0	0	0	0	0
Utility Total	\$ 8,926,225	\$ 8,898,253	\$ 5,466,036	\$ 5,030,184	\$ 5,782,643	\$ 5,685,973	\$ 5,429,941	\$ 6,061,037	\$ 6,071,484	\$ 5,291,662
Totals:	\$4,357,708,516	\$4,678,670,267	\$4,504,223,472	\$4,311,622,817	\$4,377,468,522	\$4,424,450,511	\$4,577,717,272	\$4,732,300,198	\$5,025,949,248	\$5,469,836,808
Percent Change	16.14%	7.37%	-3.73%	-4.28%	1.53%	1.1%	3.5%	3.4%	6.2%	8.8%
Plus: HOPTR AV⁽¹⁾	\$ 33,231,511	\$ 32,601,944	\$ 32,994,884	\$ 32,540,684	\$ 31,600,263	\$ 30,930,345	\$ 30,478,862	\$ 29,860,207	\$ 29,543,091	\$ 29,811,881
Less: Base AV	\$1,104,611,835	\$1,104,611,835	\$1,104,611,835	\$1,104,611,835	\$1,104,611,835	\$1,104,611,835	\$1,104,611,835	\$1,104,611,835	\$1,104,611,835	\$1,104,611,835
Incremental AV:	\$3,286,328,192	\$3,606,660,376	\$3,432,606,521	\$3,239,551,666	\$3,304,456,950	\$3,350,769,021	\$3,503,584,299	\$3,657,548,570	\$3,950,880,504	\$4,395,036,854
Incremental Revenue (1%)	\$ 32,863,282	\$ 36,066,604	\$ 34,326,065	\$ 32,395,517	\$ 33,044,570	\$ 33,507,690	\$ 35,035,843	\$ 36,575,486	\$ 39,508,805	\$ 43,950,369

⁽¹⁾ Homeowner's Property Tax Relief exemption, reimbursed by the State.
Source: County of Riverside, Urban Analytics.

Volatility Ratio

The Fiscal Consultant has determined the Volatility Ratio for each of the Project Area Sub-Areas. The Volatility Ratio is calculated by dividing the base year assessed valuation by the current year assessed valuation. The higher the Volatility Ratio, the greater the adverse impact on Tax Revenues due to a reduction in assessed valuation with respect to a Sub-Area. The volatility ratio for the Project Area is 0.20. See APPENDIX A – “REPORT OF FISCAL CONSULTANT – Table 1.” Also, see “BOND OWNERS’ RISKS – Reduction in Taxable Value.”

Property Taxes and Inflation Rates

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

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

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

Historical Inflation Adjustment Factors

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

Source: State of California Board of Equalization.

Supplemental Assessment Revenues

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

Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Assessment Revenues by taxing entities typically follows the change of ownership by a year or more. The County Auditor-Controller applies any tax refunds paid to property owners in the project areas against the Agency's allocation of supplemental assessment revenue. The Agency has not included revenues resulting from Supplemental Assessments in its projections.

Proposition 8 Assessment Reductions And Restorations

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

The Assessor annually reports on the number of assessments by city and unincorporated area subject to Proposition 8 reductions, and the amount of Proposition 8 reductions (these figures are reported by tax rate district rather than by sub-area and include areas outside of the Project Area). The Assessor reports 6,438 properties reduced through Proposition 8 in Fiscal Year 2016-17 in the principal tax rate districts within the Project Area with \$865,637,752 in reduced valuation. This compares to 7,232 properties and \$1,006,865,743 in Proposition 8 reductions in Fiscal Year 2015-16 and 8,430 properties and \$1,135,444,050 in Proposition 8 reductions in Fiscal Year 2014-15. While these figures include properties outside of the Project Area, they indicate that Proposition 8 reductions have decreased in value by nearly 37% between Fiscal Year 2012-13 and Fiscal Year 2016-17. Additionally, based upon a sampling of individual parcels in the Project Area, the Fiscal Consultant concluded that it is likely that a substantial portion of the increase in secured assessed valuation of the Project Area is due to the restoration of assessed valuation of properties that had previously been reduced due to Proposition 8. The assessor does not indicate on the rolls that parcels are subject to Proposition 8.

Assessed Valuation Appeals

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

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

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

Most of the appeals filed in the Project Area are based on Section 51 of the Revenue and Taxation Code which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article 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 166 pending appeals within the Project Area. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the Fiscal Consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals.

Five of the Project Area's top ten taxpayers have pending appeals of their assessed value as shown in Table 5. The estimated impact of value losses resulting from these pending appeals has not been incorporated into the projected revenues of the Project Area. See "ESTIMATED REVENUES AND BOND RETIREMENT," herein.

**TABLE 5
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Jurupa Valley 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	COSTCO WHOLESALE CORP	13 Resolved	\$131,219,953	\$ 96,100,000	\$131,219,953
2015-16	METAL CONTAINER CORP	1 Pending	57,044,360	19,810,000	TBD
2014-15	COSTCO WHOLESALE CORP	13 Resolved	133,278,999	88,499,998	133,278,999
2014-15	TEACHERS INSURANCE & ANNUITY ASSN TR	2 Resolved	54,823,200	45,500,000	54,823,200
2014-15	UPS SUPPLY CHAIN SOLUTIONS GEN SERV INC	1 Resolved	53,710,196	26,500,000	53,710,196
2013-14	COSTCO WHOLESALE CORP	13 Resolved	133,130,902	87,647,735	133,130,902
2013-14	TEACHERS INS ANNUITY ASSN	1 Resolved	52,069,846	34,462,210	52,069,846
2013-14	TEACHERS INSURANCE & ANNUITY ASSN TR	2 Resolved	54,575,433	45,500,000	54,575,433
2012-13	AMB INSTITUTIONAL ALLIANCE FUND III	1 Resolved	39,000,000	31,000,000	39,000,000
2012-13	CELLA	1 Resolved	49,463,870	40,000,000	49,463,870
2012-13	COSTCO WHOLESALE CORP	19 Resolved	172,178,995	117,879,002	172,178,995
2012-13	TEACHERS INS ANNUITY ASSN	1 Resolved	51,048,870	34,462,210	51,048,870
2012-13	TEACHERS INSURANCE & ANNUITY ASSN TR	2 Resolved	53,505,328	44,700,000	53,505,328
2012-13	UPS SUPPLY CHAIN SOLUTIONS GEN SERV INC	1 Resolved	52,419,076	25,900,000	49,000,000

⁽¹⁾ Data obtained from the Riverside County Assessor's Assessment Appeals Database as of 11/16/2016.
Source: Riverside County Assessor; Urban Analytics.

The following table shows the amount of assessed value that is presently under appeal within the Project Area and the estimated reduction of value that has been factored into the projections for 2016-17. The assessment appeals data below reflects appeals filed for Fiscal Years 2007-08 through 2016-17. To provide some indication of the proportion of valuation upheld on appeal, the table below provides information on resolved appeals filed in previous years in the Project Area. Overall, the 959 appeals settled in the Project Area during the Fiscal Year 2007-08 to Fiscal Year 2016-17 period resulted in reductions in valuation of \$91.5 million out of \$3.6 billion in enrolled valuation subject to appeals, or around 3%. The overall retention rate has been calculated by the Fiscal Consultant to be approximately 97% of the original valuation.

Applying the 97% retention rate for resolved appeals to the \$628.4 million in total valuation for parcels with appeals pending indicates a potential valuation reduction of \$16.2 million or approximately \$162,000 in tax revenue. If the full amount of disputed valuation were granted, the reduction in valuation would be \$301.9 million or approximately \$3.02 million in tax revenue. As both estimates include properties with appeals in multiple years, it is not necessarily an indication of equivalent resolutions as to assessed valuation of such properties in subsequent years. As noted below under "ESTIMATED REVENUES AND BOND RETIREMENT," no assumptions are made regarding any potential appeal-related adjustments to Project Area valuation.

TABLE 6
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Jurupa Valley Redevelopment Project Area
Estimated Appeals Loss
Fiscal Year 2016-17

<u>Roll Year</u>	<u>Status</u>	<u>Number of Appeals⁽¹⁾</u>	<u>County Valuation</u>	<u>Applicant Opinion of Value</u>	<u>Valuation After Appeal</u>	<u>Retention Rate⁽²⁾</u>
2016-17	Resolved	1	\$ 225,000	\$ 170,000	\$ 225,000	100%
2016-17	Pending	14	89,526,847	36,509,624	TBD	TBD
2015-16	Resolved	30	166,560,907	116,104,382	166,560,907	100%
2015-16	Pending	89	388,824,220	210,624,377	TBD	TBD
2014-15	Resolved	104	720,776,308	464,457,998	719,196,760	100%
2014-15	Pending	28	131,717,206	76,350,464	TBD	TBD
2013-14	Resolved	174	864,306,853	592,529,558	856,933,170	99%
2013-14	Pending	16	7,164,128	1,781,291	TBD	TBD
2012-13	Resolved	191	960,050,869	644,561,866	935,432,307	97%
2012-13	Pending	17	9,806,087	1,030,392	TBD	TBD
2011-12	Resolved	80	402,218,486	225,939,316	383,072,250	95%
2011-12	Pending	1	411,232	66,912	TBD	TBD
2010-11	Resolved	125	155,317,100	54,040,619	145,996,959	94%
2010-11	Pending	1	988,538	140,000	TBD	TBD
2009-10	Resolved	138	147,506,040	65,405,545	137,885,415	93%
2009-10	Pending	-	-	-	-	-
2008-09	Resolved	98	76,633,095	34,061,992	73,668,615	96%
2008-09	Pending	-	-	-	-	-
2007-08	Resolved	18	58,669,702	20,077,573	41,815,321	71%
2007-08	Pending	-	-	-	-	-
All Years	Resolved	959	\$3,552,264,360	\$2,217,348,849	\$3,460,786,704	97%
All Years	Pending	166	\$ 628,438,258	\$ 326,503,060	TBD	TBD

(1) Data is current as of 11/26/2016.

(2) 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. The data for 2016-17 is preliminary and may not include all appeals.

Source: Riverside County Assessor; Urban Analytics.

Property Value by Land Use

Taxable values in the Project Area are diversified with single family residential property values making up 29.2% of all value. Industrial uses account for 36.1% of the Project Area taxable values and commercial uses account for 12.2%. Together, these three land use categories account for 84.1% of all taxable value in the Project Area.

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

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

<u>Land Use</u>	<u>Assessed Valuation</u>	<u>Pct of AV</u>	<u>Number of Parcels</u>	<u>Pct of Parcels</u>	<u>Acres</u>	<u>Pct of Acres</u>
Secured						
Agricultural	\$ 3,651,421	0.1%	11	0.1%	84	0.5%
Commercial	668,145,869	12.2%	651	4.5%	1,748	10.5%
Industrial	1,974,785,930	36.1%	293	2.0%	2,924	17.6%
Single-Family Residential	1,594,591,265	29.2%	8,729	61.0%	4,389	26.4%
Condominiums	102,756,303	1.9%	380	2.7%	10	0.1%
Other Residential	258,324,448	4.7%	821	5.7%	1,304	7.9%
Vacant	439,629,695	8.0%	2,270	15.9%	5,223	31.5%
Other	10,413,481	0.2%	163	1.1%	917	5.5%
Utility	5,291,662	0.1%	19	0.1%	NA	NA
Unsecured	412,246,733	7.5%	984	6.9%	NA	NA
Total	\$5,469,836,808	100.0%	14,321	100.0%	16,600	100.0%

Note: Valuations include homeowner's exemptions, which is restored by the Auditor prior to the calculation of tax increment. Acreage is estimated using tax roll data and information provided by the Agency. Acreage is not reported for utility and unsecured properties. Source: Riverside County Assessor, Urban Analytics.

Property Taxes; Teeter Plan

The County utilizes a mechanism for the distribution of tax increment revenue to the former redevelopment agencies that has a similar effect on the Agency's tax increment revenues as the device known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's Redevelopment Property Tax Trust Fund on January 2 and the other one-half on June 1; delinquencies are not deducted from the Redevelopment Property Tax Trust Fund revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to Redevelopment Property Tax Trust Fund revenue. Consequently, the Agency is not affected by delinquent tax payments. The overall delinquency rate in the Project Area for the 2015-16 fiscal year was 0.7% as of November 30, 2016. 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 if another tax increment distribution mechanism would replace it.

Financial Statements

The Successor Agency currently maintains separate audited financial statements. The Successor Agency's audited financial statements for the Fiscal Year ended June 30, 2016, are included as APPENDIX C to this Official Statement. The Successor Agency has not requested nor did the Successor Agency obtain permission from the Auditor to include the audited financial statement as an appendix to this Official Statement. Accordingly, the auditor has not performed any post audit review of the financial conditions and operations of the Successor Agency.

Allocation of Former Low and Moderate Income Housing Set-Aside

Table 9 herein shows a projection of tax increment revenues and Tax Revenues pledged to repay the 2017 Series B Bonds. A portion of tax increment that would have been deposited in the Former Agency's Low and Moderate Income Housing Set-Aside is pledged to the repayment of the Housing Bonds of the Former Agency and Successor Agency. The Housing Bonds are payable from the former Low and Moderate Income Housing Set-Aside of all of the redevelopment project areas of the Former Agency. The Project Area is responsible for its pro rata portion of the debt service of the Housing Bonds. Reductions in assessed value in any other project area can have the result of increasing the pro rata share of debt service on the Housing Bonds in the Project Area, in particular, an electric operating facility in the Mid-County Redevelopment Project and an energy facility in the Interstate 215 Corridor Redevelopment Project Area, have each had large reassessments. A significant decrease in the assessed value of one large property owner could result in reducing tax increment in the related project area. A reduction in another project area's assessed value could increase the Project Area's proportionate share of debt service for the Housing Bonds and result in a corresponding reduction in the amount of Tax Revenues available to pay debt service on the 2017 Series B Bonds.

Other Project Areas

Including the Mid-County Project, there are 5 total active redevelopment project areas administered by the Successor Agency. Pursuant to Section 34177.5(g) of the Dissolution Act, bonds issued by a successor agency, including the Successor Agency, are secured by a pledge and lien on all moneys deposited from time to time in the Redevelopment Property Tax Trust Fund ("RPTTF"). See "SECURITY FOR THE 2017 SERIES B BONDS – Pledge of Tax Revenues," herein. Such pledge and lien is subordinate to any existing pledges or liens on such tax revenues. Accordingly, tax revenue generated from property located in one of the other project areas administered by the Successor Agency, subject to existing liens and priority claims, is available to pay debt service on the 2017 Series B Bonds, if available pursuant to paragraph (2) of subdivision (a) of Section 34183 and Section 34177.5(g) of the Dissolution Act. Additionally, all of the Successor Agency's bonds issued after 2014 have the pledge of residual RPTTF Funds, and future tax allocation bonds of the Successor Agency are expected to be secured, in part, by the residual amounts remaining in the RPTTF.

The total principal amount of bonds outstanding of the Successor Agency is \$500,535,005 for non-housing bonds and 167,060,000 for housing bonds, as of June 1, 2017. The total annual amount of tax increment for all project areas in 2016-17 is \$114,120,041 and payments on all obligations of the Successor Agency, not including pass-through payments and other administrative costs, were \$43,511,223 with a residual balance of \$38,879,673.

The table below sets forth the residual tax revenues which were distributed to taxing entities for each fiscal year since Fiscal Year 2011-12.

TABLE 8
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Redevelopment Project Area
Historical Residual RPTTF Revenues⁽¹⁾

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

⁽¹⁾ RPTTF deposits include interest, supplemental revenue, debt service levy, and other revenue. Debt service levy collections included in Property Tax Deposits for FY 2013-14 were offset by matching Passthrough Distributions. Passthrough Distributions include subordinated passthrough payments. FY 2016-17 includes actuals for ROPS 16-17B and estimates for 17-18A.

Source: Riverside County Auditor Controller.

See the Fiscal Consultant's Report attached as APPENDIX A to this Official Statement for additional information related to all of the Successor Agency's active project areas, including a description of the concentration of ownership across all such project areas. As the Successor Agency continues to wind down its affairs pursuant to the Dissolution Act, residual RPTTF revenues are expected to increase as enforceable obligations are retired.

ESTIMATED REVENUES AND BOND RETIREMENT

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

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

- (1) The Fiscal Consultant assumed that the tax rate in the Project Area is 1%, with no tax rate overrides. For purposes of projecting Tax Revenues, plan limitations are not taken into account.
- (2) County administrative fee is estimated to be 1.50% of tax increment revenue in the Project Area.
- (3) Tax increment revenue is projected to increase at an annual growth rate of 2.00% for fiscal year 2017-18 and subsequent years. Unitary tax revenue of \$110,761 is assumed to remain constant. Unsecured property and secured personal property assessed values are assumed to remain constant throughout.
- (4) Tax increment revenues do not include any adjustment for delinquencies, refunds, or rebates. See "Property Taxes; Teeter Plan," herein.
- (5) Contractual pass through payments are senior to the 2017 Series B Bonds according to agreements described under "JURUPA VALLEY REDEVELOPMENT PROJECT AREA – Pass-Through Agreements" and "– Statutory Tax Sharing Payments," herein.
- (6) Net tax increment deducts a pro rata share of debt service on the Housing Bonds, but does not include a deduction of any other amounts that, prior to dissolution, were required to be deposited in the Former Agency's Low and Moderate Income Housing Fund. The projection of the Pro Rata Share of the Housing Debt Service does not assume any savings from a proposed refunding of the outstanding Housing Bonds.
- (7) Projections assume that statutory tax sharing payments are subordinate to debt service.
- (8) Projections do not take into consideration any changes in assessed valuation due to new construction, property sales, Proposition 8 reduction or assessment appeals.

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

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

<u>Fiscal Year</u>	<u>Gross Tax Increment⁽¹⁾</u>	<u>Project Area Share of Housing Debt Service</u>	<u>Senior Pass-Through Payments</u>	<u>County Administration Fee⁽²⁾</u>	<u>Net Tax Increment</u>
2016/17	\$44,061,130	\$(5,207,093)	\$(4,419,956)	\$ (660,917)	\$33,773,164
2017/18	45,068,246	(5,196,590)	(4,506,500)	(676,024)	34,689,133
2018/19	46,095,505	(5,187,277)	(4,594,774)	(691,433)	35,622,022
2019/20	47,143,309	(5,176,405)	(4,684,814)	(707,150)	36,574,941
2020/21	48,212,069	(5,165,646)	(4,776,655)	(723,181)	37,546,588
2021/22	49,302,205	(5,158,124)	(4,870,332)	(739,533)	38,534,215
2022/23	50,414,143	(5,149,423)	(4,965,883)	(756,212)	39,542,624
2023/24	51,548,320	(5,138,051)	(5,063,346)	(773,225)	40,573,698
2024/25	52,705,180	(5,131,587)	(5,162,757)	(790,578)	41,620,259
2025/26	53,885,178	(5,123,097)	(5,264,157)	(808,278)	42,689,647
2026/27	55,088,776	(5,114,847)	(5,367,584)	(826,332)	43,780,013
2027/28	56,316,445	(5,055,366)	(5,473,080)	(844,747)	44,943,252
2028/29	57,568,668	(5,048,517)	(5,580,686)	(863,530)	46,075,935
2029/30	58,845,935	(5,041,029)	(5,690,445)	(882,689)	47,231,773
2030/31	60,148,748	(5,031,553)	(5,802,398)	(902,231)	48,412,566
2031/32	61,477,617	(5,026,078)	(5,916,590)	(922,164)	49,612,785
2032/33	62,833,064	(5,018,398)	(6,033,067)	(942,496)	50,839,103
2033/34	64,215,619	(5,053,966)	(6,151,873)	(963,234)	52,046,546
2034/35	65,625,825	(5,049,213)	(6,273,054)	(984,387)	53,319,171
2035/36	67,064,236	(5,041,171)	(6,396,660)	(1,005,964)	54,620,441
2036/37	68,531,414	(5,034,900)	(6,522,738)	(1,027,971)	55,945,805
2037/38	70,027,937	(3,025,353)	(6,651,337)	(1,050,419)	59,300,828
2038/39	71,554,390	(2,938,989)	(6,782,508)	(1,073,316)	60,759,577
2039/40	73,111,371	(2,714,463)	(6,916,303)	(1,096,671)	62,383,935
2040/41	74,699,493	(1,978,955)	(7,052,773)	(1,120,492)	64,547,272
2041/42	76,319,377	(1,976,308)	(7,191,973)	(1,144,791)	66,006,305

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

⁽²⁾ Consists of amounts payable as administrative fees.

Source: Urban Analytics.

The following Table 10 projects debt service coverage for the 2017 Series B Bonds showing only projected net tax increment revenue and Tax Revenues.

TABLE 10
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Jurupa Valley Redevelopment Project Area
Estimated Debt Service Coverage
Fiscal Years 2016-17 through 2041-42

<u>Fiscal Year</u>	<u>Net Tax Increment⁽¹⁾⁽²⁾</u>	<u>Outstanding Parity Bonds Debt Service⁽³⁾⁽⁴⁾</u>	<u>2017 Series B Bonds Debt Service⁽⁴⁾</u>	<u>Total Debt Service⁽⁴⁾</u>	<u>Total Debt Service Coverage⁽⁴⁾</u>
2016/17	\$33,773,164	\$11,873,894	\$3,926,886	\$15,800,779	2.14x
2017/18	34,689,133	10,307,163	5,212,950	15,520,113	2.24x
2018/19	35,622,022	10,313,188	5,212,550	15,525,738	2.29x
2019/20	36,574,941	10,312,388	5,207,750	15,520,138	2.36x
2020/21	37,546,588	10,310,200	5,211,250	15,521,450	2.42x
2021/22	38,534,215	10,308,100	5,213,750	15,521,850	2.48x
2022/23	39,542,624	10,301,775	5,210,000	15,511,775	2.55x
2023/24	40,573,698	10,311,250	5,205,000	15,516,250	2.61x
2024/25	41,620,259	10,304,800	5,208,500	15,513,300	2.68x
2025/26	42,689,647	10,302,575	5,209,750	15,512,325	2.75x
2026/27	43,780,013	10,308,163	5,208,500	15,516,663	2.82x
2027/28	44,943,252	10,303,313	5,214,500	15,517,813	2.90x
2028/29	46,075,935	10,304,500	5,217,000	15,521,500	2.97x
2029/30	47,231,773	10,304,750	5,205,750	15,510,500	3.05x
2030/31	48,412,566	10,307,800	5,211,000	15,518,800	3.12x
2031/32	49,612,785	10,312,800	5,201,500	15,514,300	3.20x
2032/33	50,839,103	10,313,400	5,202,500	15,515,900	3.28x
2033/34	52,046,546	9,135,800	6,378,000	15,513,800	3.35x
2034/35	53,319,171	9,140,000	6,378,750	15,518,750	3.44x
2035/36	54,620,441	15,878,000		15,878,000	3.44x
2036/37	55,945,805	15,881,600		15,881,600	3.52x
2037/38	59,300,828	14,715,000		14,715,000	4.03x
2038/39	60,759,577	14,200,000		14,200,000	4.28x
2039/40	62,383,935	13,645,000		13,645,000	4.57x
2040/41	64,547,272	10,025,000		10,025,000	6.44x
2041/42	66,006,305	10,025,000		10,025,000	6.58x

(1) See Table 9 for details.

(2) Tax Increment shown for purposes of this coverage table represent only Tax Revenues relating to the Project Area. However, all funds deposited into the RPTF of the Agency are available to pay debt service on the 2017 Series B Bonds after all other debt service obligations and other senior obligations are satisfied. See "SECURITY FOR THE 2017 SERIES B BONDS – Redevelopment Property Tax Trust Fund," and "- Security for the 2017 Series B Bonds."

(3) Includes 2011 Bonds and 2015 Bonds and 2016 Bonds.

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

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

BOND OWNERS' RISKS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the 2017 Series B Bonds and the credit quality of the 2017 Series B Bonds. The following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the 2017 Series B 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 2017 Series B Bonds will be special obligations of the Successor Agency, payable from and secured as to the payment of the principal thereof and the redemption premium, if any, and the interest thereon in accordance with their terms and the terms of the Indenture. Neither the State nor any public agency (other than the Successor Agency) is obligated to pay the principal of or redemption premium, if any, or interest on the 2017 Series B Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof is pledged to the payment of the principal of or redemption premium, if any, or interest on the 2017 Series B Bonds. The payment of the principal of or redemption premium, if any, or interest on the 2017 Series B Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Successor Agency).

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a ROPS may be made by the Successor Agency from the funds specified in the ROPS. The Dissolution Act requires the Successor Agency to prepare and submit to the Successor Agency's Oversight Board and the State Department of Finance for approval, a ROPS pursuant to which enforceable obligations (as defined in the Dissolution Act) of the Successor Agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Successor Agency without a Recognized Obligation Payment Schedule approved by the State Department of Finance. See "SECURITY FOR THE 2017 SERIES B BONDS – Recognized Obligation Payment Schedule." If the Successor Agency were to fail to complete an approved ROPS, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period.

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

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (as described above under "SECURITY FOR THE 2017 SERIES B BONDS-Pledge Tax Revenues") and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received

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

If the Successor Agency does not submit an Oversight-Board approved ROPS within five business days of the date upon which the ROPS is to be used to determine the amount of property tax allocations and the State Department of Finance does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above. The Successor Agency has covenanted in the Indenture to take all actions required under the Dissolution Act to include scheduled debt service on the 2017 Series B Bonds as well as any amount required under the Indenture to replenish the Reserve Account, in ROPS to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the 2017 Series B Bonds coming due in the respective six-month period, including listing a reserve on the ROPS to the extent required by the Indenture or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the 2017 Series B Bonds for the next payment due in the following six-month period.

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

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

Commencing September 22, 2015, successor agencies which received a Finding of Completion and the concurrence of the DOF as to the items that qualify for payment, among other conditions, may at their option, file a "Last and Final" Recognized Obligation Payment Schedule. If approved by the DOF, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the DOF or the Oversight Board. The County Auditor-Controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the DOF and the County Auditor-Controller. The Successor Agency has not submitted a Last and Final Recognized Obligation Payment Schedule and does not currently plan to submit a Last and Final Recognized Obligation Payment Schedule. Additionally, the Successor Agency has covenanted to BAM that it would not submit a Last and Final Recognized Obligation Schedule without obtaining BAM's consent.

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 2017 Series B Bonds.

Reduction in Taxable Value

Tax Revenues allocated to the Successor Agency are determined by the amount of incremental taxable value in the Project Area allocable to the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property caused by economic factors beyond the Successor Agency's control, such as a relocation out of the Project Area by one or more major property owners, the reduction of assessed value of property in the Project Area due to successful appeals (see "JURUPA VALLEY REDEVELOPMENT PROJECT AREA – Assessed Valuation Appeals"), the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Project Area by a person displaced by eminent domain or similar proceedings, or the discovery of hazardous substances on a property within the Project Area (see "Hazardous Substances," below), the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Seismic Considerations and Natural Calamities," below), flood or other natural disaster, could cause a reduction in the Tax Revenues securing the 2017 Series B Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. Based on information provided by the County Assessor's office, there are currently 166 appeals pending in the Project Area. An estimate of the amount of assessed valuation in dispute - the difference between the County valuation and the applicant's opinion of the property's value - totals \$3.02 million. The disputed amounts shown will be resolved in the appeals process and some portion of that disputed amount may be adjusted. To provide some indication of the proportion of valuation upheld on appeal, the Fiscal Consultant's Report provides information on resolved appeals filed in previous years in the Project Area. Overall, the 959

appeals settled in the Project Area from Fiscal Year 2007-08 through Fiscal Year 2016-17 resulted in reductions in valuation of \$91.5 million out of \$3.6 billion in enrolled valuation, or 3%. The overall retention rate has thus been about 97% of the original valuation. See APPENDIX A – “REPORT OF FISCAL CONSULTANT – Section D – Appeals of Assessed Values.”

Any such reductions of assessed valuations and the resulting decline in Tax Revenues or the resulting property tax refunds could have an adverse effect on the Successor Agency’s ability to make timely payments of principal of and interest on the 2017 Series B Bonds. See “JURUPA VALLEY REDEVELOPMENT PROJECT AREA - Assessed Valuation Appeals.” The Fiscal Consultant has not reduced the projections of Tax Revenues based upon appeals in the Project Area.

The County’s current policy is, for the secured roll, to allocate 100% of the Project Area’s tax increment revenues to the Successor Agency with no offset for taxpayer delinquencies, taxable value adjustments, refunds due to successful assessment appeals or tax roll correction (see “Property Taxes; Teeter Plan”). However, the County could change this policy in the future and begin making deductions for such delinquencies, adjustments, refunds and corrections from tax increment revenues allocated in the Successor Agency. The unsecured tax roll allocation is made on actual collections. In that event, substantial delinquencies in the payment of property taxes, substantial property tax refunds, significant reductions in taxable value or significant tax roll corrections due to such causes could impair the timely receipt by the Successor Agency of Tax Revenues. See “- Concentration of Property Ownership” and “JURUPA VALLEY REDEVELOPMENT PROJECT AREA – Proposition 8 Assessment Reductions and Restorations,” and “- Largest Taxpayers in the Project Area.”

Risks of Real Estate Secured Investments Generally

The Owners and Beneficial Owners of the 2017 Series B 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 2017-18 is 2.00%. The Successor Agency is unable to predict whether future annual inflationary adjustments to the taxable value base of real property within the Project Area will be in the amount of the full 2% permitted under Article 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 2017 Series B Bonds.

Bankruptcy of Landowners

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

Concentration of Property Ownership

The Project Area is comprised of multiple Sub-Areas, each of which have their own base years. See "THE JURUPA VALLEY REDEVELOPMENT PROJECT AREA – General" and Table 2. While property ownership is currently diverse, this may change over time. See Table 3, "Ten Largest Property Owners by Assessed Value." Accordingly, a decline in the property values in the Project Area could reduce Tax Revenues derived from the Project Area. Concentration of ownership presents a risk in that, if one or more of the largest property owners in the 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 the Project Area, a substantial decline in Tax Revenues could occur. See "ESTIMATED REVENUES AND BOND RETIREMENT" for a description of the debt service coverage on the 2017 Series B Bonds.

Seismic Considerations and Natural Calamities

The most significant safety hazard in Riverside County is due to seismic hazards. Two major faults, the San Andreas and the San Jacinto, pass through the mid-county region to the east of the Project Area. According to the draft Safety Element of the Riverside County General Plan, the Project Area does not contain any mapped faults nor any earthquake fault study zones. Most of the Project Area has a low level of liquefaction susceptibility, with the exception of the areas closest to the Santa Ana River. New construction within the Project Area is now built in accordance with the Uniform Building Code which contains standards designed to minimize structural damage caused by seismic events. However, a major earthquake could damage property or reduce Project Area Tax Revenues.

From time to time, the County is subject to other natural calamities which could adversely affect economic activity in the County, and which could have a negative impact on the general economy and the values of properties in the Project Area. There can be no assurance that the occurrence of any natural calamity, such as earthquake, flooding or wildfire, would not cause substantial reduction in the assessed valuations of properties in the Project Area. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the 2017 Series B 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 2017 Series B 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 2017 Series B Bonds. The County currently allocates 100% of the Tax Revenues collected on the secured property tax roll to the Successor Agency, regardless of the actual amount of payments made by taxpayers (see "Property Taxes; Teeter Plan," below). The County currently allocates Tax Revenues collected with respect to unsecured property to the Agency based upon the tax increment actually collected.

Estimated Revenues

In estimating that Tax Revenues will be sufficient to pay debt service on the 2017 Series B Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Successor Agency believes these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the Tax Revenues available to pay debt service on the 2017 Series B 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 2017 Series B Bonds.

Hazardous Substances

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

Direct and Overlapping Indebtedness

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

Future Legislation and Initiatives

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

Assessment Appeals

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

Economic Risks

The Agency's ability to make payments on the respective 2017 Series B Bonds will be partially dependent upon the economic strength of the Project Area. If there is a decline in the general economy of the Project Area, the owners of property may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of tax increment revenues. In the event of decreased values, Tax Revenues may decline even if property owners make timely payment of taxes.

Acceleration on Default

Under the Indenture, the principal due on the 2017 Series B Bonds is subject to acceleration upon the occurrence of an Event of Default. If an Event of Default occurs under the Indenture, as a practical matter, Bond Owners will be limited to enforcing the obligation of the Agency to repay the 2017 Series B Bonds on an annual basis to the extent of the Tax Revenues. No real or personal property in the Project Area is pledged to secure the 2017 Series B Bonds, and it is not anticipated that the Agency will have available moneys sufficient to redeem all of the 2017 Series B Bonds upon the occurrence of an Event of Default.

Investment Risk

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See APPENDIX D attached hereto for a summary of the definition of Permitted Investments. The funds and accounts of the Successor Agency, into which a portion of the proceeds of the 2017 Series B Bonds will be deposited and into which Tax Revenues are deposited, may be invested by the Successor Agency in any investment authorized by law. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal.

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

Bond Insurance Risk Factors

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

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

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

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

The long-term ratings on the Insured Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the 2017 Series B Bond Insurer and of the ratings on the 2017 Series B Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the 2017 Series B Bonds or the marketability (liquidity) for the 2017 Series B Bonds. See description of "OTHER INFORMATION – Ratings" herein.

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

Neither the Successor Agency nor the 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 Successor Agency to pay principal and interest on the 2017 Series B Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "BOND INSURANCE POLICY" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Secondary Market

There can be no guarantee that there will be a secondary market for the 2017 Series B Bonds, or, if a secondary market exists, that the 2017 Series B 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 2017 Series B 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 2017 Series B Bonds will be qualified as to bankruptcy and such other legal events. See APPENDIX F – "FORM OF OPINION OF BOND COUNSEL."

Federal Tax-Exempt Status of the 2017 Series B 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 2017 Series B Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of 2017 Series B Bond proceeds, limitations on the investment earnings on 2017 Series B Bonds proceeds prior to expenditure, a requirement that certain investment earnings on the 2017 Series B Bond proceeds be paid periodically to the United States and a requirement that the issuers file an information report with the Internal

Revenue Service (the "IRS"). The Agency has covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the 2017 Series B Bonds as taxable, retroactively to the date of issuance of such 2017 Series B Bonds. Additionally, proposed changes to federal tax law arise from time to time which could change which would either eliminate or impact the tax-exemption of interest in the 2017 Series B Bonds. See "OTHER INFORMATION – Tax Matters," herein.

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 2017 Series B Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2017 Series B Bonds might be affected as a result of such an audit of the 2017 Series B 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 2017 Series B Bonds.

Implementing Legislation

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

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

Unitary Property

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

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

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

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

The Successor Agency has projected the amount of unitary revenues to be allocated for 2017-18 within the Project Area to be \$110,761. The Fiscal Consultant has assumed that this amount remains constant in subsequent years. The Successor Agency cannot predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received nor the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies.

Property Taxes; Teeter Plan

The County utilized a mechanism for the distribution of tax increment revenue to the former redevelopment agencies that has a similar effect on the Agency's tax increment revenues as the device known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's Redevelopment Property Tax Trust Fund on January 2 and the other one-half on June 1; delinquencies are not deducted from the Redevelopment Property Tax Trust Fund revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to Redevelopment Property Tax Trust Fund revenue. Consequently, the Agency is currently not affected by delinquent tax payments. The overall delinquency rate in the Project Area as of November 30, 2016 was 0.7%. 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 if another tax increment distribution mechanism would replace it.

Proposition 87

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

Tax Collection Fees

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

Future Initiatives

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

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate, the County, as Successor Agency, has covenanted for the benefit of the Owners of the 2017 Series B 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 2017 Series B Bonds and to the Municipal Securities Rulemaking Board during the term of the 2017 Series B Bonds. See APPENDIX G - "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters in complying with the Rule.

During the last five years, the County and certain of its related entities (including the Successor Agency) have failed to comply in certain respects with continuing disclosure obligations related to outstanding indebtedness. The failure to comply fell into two general categories: (i) failure to provide significant event notices with respect to changes in the ratings of outstanding indebtedness, primarily related to changes in the ratings of various bond insurers insuring the indebtedness of the County or its related entities; (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; and (iii) failure to file any notices of such failures to file.

In addition to any non-compliance of the County generally, the Successor Agency failed to comply with its continuing disclosure requirements on several issues, in the following manner:

1. Failure to completely file all financial information and operating data required to be filed as follows:
 - a. For fiscal year 2016, with respect to the Series 2014D Desert Communities Bonds and Series 2014A Housing Bonds, the report filed by the Successor Agency was filed on the CUSIPs associated with the Series 2014A Housing, 2014A Project Area No. 1 and 2014D Desert Communities Bonds. However, the document only contained information regarding the Series 2014A Project Area No. 1 Bonds;
 - b. For fiscal year 2014, the reports relating to the Series 2014E I-215 Corridor Bonds, Series 2014D Desert Communities Bonds, Series 2014A Project Area No. 1, and Series 2014A Housing Bonds, the Principal Amount of Bonds Outstanding was not included in the annual report;

c. For fiscal year 2014, the required information was filed, but was not uploaded to the CUSIPs relating to the Series 2004 Housing Tax Allocation Bonds, although it was uploaded relating to other issues of the Successor Agency;

d. For fiscal year 2014, the annual report did not include the Estimated Appeals Loss relating to the Series 2014E I-215 Corridor Bonds, the Series 2014D Desert Communities Bonds, the Series 2014A Project Area No. 1 Bonds and the Series 2014A Housing Bonds;

e. For fiscal year 2014, the annual report did not include the Assessment Appeals by Large Taxpayers relating to the Series 2014E I-215 Corridor Bonds, the Series 2014D Desert Communities Bonds, the Series 2014A Project Area No. 1 Bonds and the Series 2014A Housing Bonds;

f. For fiscal year 2014, the Successor Agency did not include an Annual Statement Regarding the Status of Teeter Plan for the Series 2014E I-215 Corridor Bonds, the Series 2014D Desert Communities Bonds, the Series 2014A Project Area No. 1 Bonds and the Series 2014A Housing Bonds;

g. For fiscal year 2014, the Successor Agency did not include in the report information regarding Agency Outstanding Debt, Including Without Limitation any Parity Debt and Subordinate Debt relating to the Series 2014E I-215 Corridor Bonds, the Series 2014D Desert Communities Bonds, the Series 2014A Project Area No. 1 Bonds and the Series 2014A Housing Bonds. Although, the Successor Agency did file such information with respect to its other series of bonds outstanding, the information was not filed on the CUSIPs associated with the Series 2014E I-215 Corridor Bonds, the Series 2014D Desert Communities Bonds, the Series 2014A Project Area No. 1 Bonds and the Series 2014A Housing Bonds; and

h. For fiscal year 2015, operating data filings were made in December 2015 containing the required information for the Series 2011D Desert Communities Bonds, the Series 2011B Jurupa Valley Project Area Bonds, the Series 2011A and A-T Housing Bonds, the Series 2010E I-215 Corridor Bonds, the Series 2010D Desert Communities Bonds, the Series 2010C Mid-County Bonds, the Series 2010A and A-T Housing Bonds, however, the Series 2007 Jurupa Valley Project Area Bonds, and the Series 2004A and A-T Housing Bonds, the filings were not filed to the correct series of bonds. In February 2016, filings containing the required information for each of the above-mentioned bonds were made.

2. With respect to the Public Financing Authority, the County did not include the fiscal year ending 2013 Budget to be uploaded for the CUSIPs relating to the Public Financing Authority's Series 2012 Bonds.

3. Material Events – The Successor Agency failed to file notices of material events relating to the downgrade of various series of bonds in March of 2014, and the subsequent upgrade of various series of bonds in August of 2014, September of 2015, and August 2016.

4. Failure to File Notices were not filed with respect to the failures to file as shown in paragraphs 1 through 3 above.

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 filings to correct the above-described non-compliance. With respect to failures to file notices of rating changes, described above, 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 undertaking the County has instituted new procedures to ensure future compliance and coordination between the County and its related entities.

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 County and Successor Agency to the Redevelopment Agency of the County of Riverside.

OTHER INFORMATION

Litigation

At the time of delivery of and payment for the 2017 Series B Bonds the Successor Agency will certify that, except as disclosed herein, to its best knowledge there is no litigation, action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental agency or body, pending against or threatened against the Successor Agency in any way affecting the existence of the Successor Agency or the titles of its officers to their offices or seeking to restrain or enjoin the issuance, sale or delivery of the 2017 Series B Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection or application of Tax Revenues to be pledged to pay the principal of and interest on the 2017 Series B Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the 2017 Series B Bonds, the Indenture, or any action of the Successor Agency contemplated by any of the Indenture, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Successor Agency or its authority with respect to the Indenture or any action of the Successor Agency contemplated by said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Successor Agency or its authority with respect to the Indenture or any action of the Successor Agency contemplated by the Indenture, or which would adversely affect the exclusion of interest paid on the 2017 Series B Bonds from gross income for Federal income tax purposes or the exemption of interest paid on the 2017 Series B Bonds from California personal income taxation, nor, to the knowledge of the Successor Agency, is there any basis therefor.

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2017 Series B 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 2017 Series B 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 2017 Series B Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a 2017 Series B 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 2017 Series B 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 2017 Series B 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 2017 Series B Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of

such 2017 Series B Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2017 Series B Bonds who purchase the 2017 Series B Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2017 Series B Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2017 Series B 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 2017 Series B 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 2017 Series B Bond (said term being the shorter of the 2017 Series B 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 2017 Series B 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 2017 Series B 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 2017 Series B Bond premium is not deductible for federal income tax purposes. Owners of premium 2017 Series B 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 2017 Series B Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2017 Series B 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 2017 Series B Bonds. Prospective purchasers of the 2017 Series B 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 2017 Series B Bonds is exempt from California personal income taxes.

Owners of the 2017 Series B Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2017 Series B 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 2017 Series B 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 2007 Bonds. See "PLAN OF FINANCE" above. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

Legal Opinion

Jones Hall, A Professional Law Corporation, San Francisco, California, will render an opinion with respect to the validity of the 2017 Series B Bonds in substantially the form set forth in APPENDIX F hereto. Copies of such approving opinion will be available at the time of delivery of the 2017 Series B Bonds.

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

Ratings

The Insured Bonds are expected to receive the rating of “___” (stable outlook) by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC, business (“S&P”), with the understanding that upon execution and delivery of the 2017 Series B 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 2017 Series B Bonds without regard to the issuance of the Policy.

The rating issued reflects only the view of such rating agency, and any explanation of the significance of such rating should be obtained from such rating agency. There is no assurance that such rating will be retained for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the 2017 Series B Bonds.

Municipal Advisor

C.M. de Crinis & Co., Inc. has acted as municipal advisor to the Agency concerning the 2017 Series B Bonds. As municipal advisor, C.M. de Crinis & Co., Inc. will receive compensation contingent upon the sale and delivery of the 2017 Series B Bonds.

Financial Interests

The fees being paid to the Underwriters, Bond Counsel, Disclosure Counsel, the Trustee and Underwriters’ Counsel are contingent upon the issuance and delivery of the 2017 Series B Bonds. The fees being paid to the Fiscal Consultant are not contingent upon the issuance and delivery of the 2017 Series B Bonds. From time to time, Bond Counsel represents the Underwriters on matters unrelated to the 2017 Series B Bonds.

Underwriting

Citigroup Global Markets Inc., on behalf of itself and Raymond James & Associates, Inc. (collectively, the “Underwriters”) has agreed to purchase the 2017 Series B Bonds at a price of \$ _____ (being the principal amount of the 2017 Series B Bonds, plus a net original issue premium of \$ _____, less the underwriters’ discount of \$ _____) under a Bond Purchase Contract between the Agency and the Underwriters.

Citigroup Global Markets Inc., an underwriter of the 2017 Series B Bonds, has entered into a retail distribution agreement with UBS Financial Services Inc. (“UBSFS”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup Global Markets Inc. may compensate UBSFS for its selling efforts with respect to the 2017 Series B Bonds.

The Underwriters may offer and sell the 2017 Series B Bonds to certain dealers and others at a price lower than the offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriters.

Miscellaneous

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

This Official Statement is submitted only in connection with the sale of the 2017 Series B Bonds by the Successor Agency. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Successor Agency. The information contained herein should not be construed as representing all conditions affecting the Successor Agency or the 2017 Series B Bonds.

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY
OF RIVERSIDE

By: _____

Jay Orr
County Executive Officer

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	30,325	30,491	30,834
Beaumont	38,851	39,787	40,876	42,481	45,118
Blythe	20,440	19,609	18,992	18,909	19,813
Calimesa	8,022	8,096	8,231	8,353	8,289
Canyon Lake	10,721	10,771	10,826	10,901	10,681
Cathedral City	52,108	52,350	52,595	52,903	54,261
Coachella	42,030	42,795	43,633	43,917	45,407
Corona	154,985	156,864	159,132	160,287	164,659
Desert Hot Springs	27,721	27,835	28,001	28,134	29,048
Eastvale	55,770	57,266	59,185	60,633	63,162
Hemet	80,329	80,899	81,537	82,253	80,070
Indian Wells	5,050	5,083	5,137	5,194	5,412
Indio	78,298	81,415	82,398	84,201	88,058
Jurupa Valley	96,745	97,272	97,774	98,885	98,177
Lake Elsinore	53,183	55,444	56,718	58,426	61,006
La Quinta	38,190	38,412	39,032	39,694	39,977
Menifee	80,831	82,314	83,716	85,385	89,004
Moreno Valley	197,086	198,183	199,258	200,670	205,383
Murrieta	105,300	105,860	106,425	107,279	113,795
Norco	27,123	26,632	26,582	25,891	26,896
Palm Desert	49,619	49,962	50,417	51,053	49,335
Palm Springs	45,414	45,724	46,135	46,611	46,654
Perris	70,391	70,983	72,103	72,908	73,722
Rancho Mirage	17,556	17,643	17,745	17,889	18,070
Riverside	309,407	312,035	314,034	317,307	324,696
San Jacinto	44,937	45,229	45,563	45,895	47,656
Temecula	103,403	104,907	106,289	108,920	109,064
Wildomar	<u>32,818</u>	<u>33,182</u>	<u>33,718</u>	<u>34,148</u>	<u>35,168</u>
TOTALS					
Incorporated	1,876,494	1,896,729	1,916,377	1,939,618	1,983,415
Unincorporated	<u>357,699</u>	<u>358,924</u>	<u>363,590</u>	<u>368,823</u>	<u>364,413</u>
County-Wide	<u>2,234,193</u>	<u>2,255,653</u>	<u>2,279,967</u>	<u>2,308,441</u>	<u>2,347,828</u>
California	37,668,804	37,984,138	38,340,074	38,714,725	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.

Personal Income

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

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

Total personal income in Riverside County increased by 106% between 2001 and 2015. The following tables summarize personal income for Riverside County for 2001 through 2015.

PERSONAL INCOME
Riverside County
2001-2015
(Dollars in Thousands)

<u>Year</u>	<u>Riverside County</u>	<u>Annual Percent Change</u>
2001	\$40,783,163	--
2002	43,435,275	6.5%
2003	47,564,824	9.5
2004	52,829,917	11.1
2005	57,669,741	9.2
2006	63,538,333	10.2
2007	66,347,611	4.4
2008	67,367,683	1.5
2009	65,359,484	(3.0)
2010	66,904,690	2.4
2011	71,213,948	6.4
2012	73,158,724	2.7
2013	75,223,346	2.8
2014	78,852,989	4.8
2015	84,025,987	6.6

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

The following table summarizes per capita personal income for Riverside County, California and the United States for 2002-2016. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2002-2016

<u>Year</u>	<u>Riverside County</u>	<u>California</u>	<u>United States</u>
2002	\$25,745	\$33,901	\$31,815
2003	26,848	35,234	32,692
2004	28,456	37,551	34,316
2005	29,853	39,521	35,904
2006	31,574	42,334	38,144
2007	31,972	43,692	39,821
2008	31,932	44,162	41,082
2009	30,446	42,224	39,376
2010	30,380	43,315	40,277
2011	31,828	45,820	42,453
2012	32,263	48,312	44,267
2013	32,765	48,471	44,462
2014	33,867	50,988	46,414
2015	35,589	53,741	48,112
2016	N/A ⁽¹⁾	55,987	49,571

⁽¹⁾ Information for the County is not yet available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Industry and Employment

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

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

<u>INDUSTRY</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017⁽²⁾</u>
Civilian Labor Force	\$1,897,700	\$1,927,600	\$1,961,800	\$1,987,400	\$2,009,600
Civilian Employment	1,711,000	1,771,700	1,832,300	1,870,200	1,897,800
Civilian Unemployment	186,700	155,900	129,500	117,200	111,800
Civilian Unemployment Rate	9.8%	8.1%	6.6%	5.9%	5.6%
Total, All Industries	1,247,800	1,303,700	1,362,400	1,415,400	1,439,600
Total Farm	14,500	14,400	15,100	14,700	13,600
Mining and Logging	1,200	1,300	1,300	900	800
Construction	70,000	77,600	85,200	92,500	93,900
Manufacturing	87,300	91,300	95,600	98,900	99,700
Wholesale Trade	56,400	58,900	61,700	62,900	61,500
Retail Trade	164,800	169,400	173,500	179,000	181,900
Transportation, Warehousing & Utilities	78,400	86,600	97,300	104,400	108,300
Information	11,500	11,300	11,300	11,600	11,400
Financial Activities	41,300	42,300	43,200	45,300	46,000
Professional & Business Services	132,400	139,300	144,400	145,800	145,700
Educational & Health Services	187,600	194,800	205,000	214,300	216,100
Leisure & Hospitality	135,900	144,800	151,500	159,700	166,100
Other Services	41,100	43,000	44,000	45,100	45,900
Government	225,200	228,800	233,400	240,500	248,700

⁽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.

⁽²⁾ Based upon Industries, Employment and Labor Force by month.

Source: State Employment Development Department, Labor Market Information Division, as of March 1, 2017.

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

COUNTY OF RIVERSIDE CERTAIN MAJOR EMPLOYERS (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>	<u>2017⁽²⁾</u>
County ⁽¹⁾	12.1%	10.3%	8.2%	6.6%	5.9%	5.6%
California ⁽¹⁾	10.4	8.9	7.5	6.7	5.4	5.5
United States ⁽³⁾	8.1	7.4	6.2	5.5	4.9	4.7

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

⁽²⁾ March, 2017.

⁽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 2011 through 2015, the most recent year for which data is currently available:

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

<u>Year</u>	<u>Retail Permits</u>	<u>Retail Stores Taxable Transactions</u>	<u>Total Permits</u>	<u>Total Outlets Taxable Transactions</u>
2011	33,398	\$18,576,285	46,886	\$25,641,497
2012	34,683	20,016,668	46,316	28,096,009
2013	33,391	21,306,774	46,805	30,065,467
2014	34,900	22,646,343	48,453	32,035,687
2015 ⁽¹⁾	N/A	23,281,724	N/A	32,910,910

⁽¹⁾ Number of sales permits not provided.

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

Building and Real Estate Activity

The two tables below are a five-year summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) since 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	\$2,300,622
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 2015.

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 Ontario International Airport Authority. 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 Gorgonio 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

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

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX E

DTC AND THE BOOK-ENTRY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the 2017 Series B Bonds, payment of principal of, premium, if any, and interest on the 2017 Series B Bonds to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the 2017 Series B Bonds, and other related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the Successor Agency believes to be reliable, but the Successor Agency does not take responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of principal, premium, if any, and interest with respect to the 2017 Series B Bonds or (b) certificates representing ownership interests in or other confirmation of ownership interests in the 2017 Series B 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 2017 Series B Bonds. The 2017 Series B 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 2017 Series B 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 2017 Series B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Series B 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 2017 Series B 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 2017 Series B Bonds, except in the event that use of the book-entry system for the 2017 Series B Bonds is discontinued.

To facilitate subsequent transfers, all 2017 Series B 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 2017 Series B 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 2017 Series B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 Series B 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 2017 Series B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017 Series B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Indenture. For example, Beneficial Owners of 2017 Series B Bonds may wish to ascertain that the nominee holding the 2017 Series B 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 2017 Series B 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 2017 Series B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2017 Series B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2017 Series B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

DTC (or a successor securities depository) may discontinue providing its services as securities depository with respect to the 2017 Series B Bonds at any time by giving reasonable notice to the Successor Agency. The Successor Agency, in its sole discretion and without the consent of any other person, may terminate the services of DTC (or a successor securities depository) with respect to the 2017 Series B Bonds. The Successor Agency undertakes no obligation to investigate matters that would enable the Successor Agency to make such a determination. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

THE SUCCESSOR AGENCY AND THE 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 2017 SERIES B BONDS PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR WILL DISTRIBUTE ANY REDEMPTION NOTICES OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE SUCCESSOR AGENCY AND THE 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 2017 SERIES B BONDS OR AN ERROR OR DELAY RELATING THERETO.

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

DTC may discontinue providing its services as securities depository with respect to the 2017 Series B Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2017 Series B Bonds are required to be printed and delivered as described in the Indenture.

The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2017 Series B 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 2017 Series B Bonds may be made to such Owner by wire transfer to such wire address within the United States that such Owner may request in writing for all Interest Payment Dates following the 15th day after the Trustee's receipt of such request.

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Successor Agency to the Redevelopment Agency for the County of Riverside (the "Agency") in connection with the issuance of \$_____ aggregate principal amount of Successor Agency of the Redevelopment Agency for the County of Riverside Jurupa Valley Redevelopment Project Area 2017 Tax Allocation Refunding Bonds, Series B (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of _____, 2017, between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), (the "Indenture"). The Agency covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Agency for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"County" means the County of Riverside.

"Dissemination Agent" shall mean the Agency, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Agency a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"MSRB" shall mean 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>.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean 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 3. Provision of Annual Reports.

(a) The Agency shall, or shall cause the Dissemination Agent to, on December 31, 2017, and each December 31 thereafter, commencing with the report for the 2016-17 Fiscal Year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided,

that the audited financial statements of the Agency 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 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 Bonds by name and CUSIP number.

(b) Not later than fifteen (15) Business Days prior to said date, the Agency shall provide the Annual Report to the Dissemination Agent (if other than the Agency). If the Agency is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Agency shall send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A or such other form as prescribed or acceptable to the MSRB.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Agency), file a report with the Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The Agency's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the Agency for the preceding fiscal year either as a separate audit of the Agency or as a combined statement with the County's comprehensive audited financial report, prepared in accordance with generally accepted accounting principles and the laws of the state of California, including all statements and information prescribed for inclusion therein by the Governmental Accounting Standards Board. If the audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statement of the Agency, the Annual Report shall also include the following:

(b) Principal amount of Bonds outstanding.

(c) Outstanding debt of the Project Area, including without limitation any Parity Debt and subordinate debt (including a description of date, amount, term, rating, insurance in the Fiscal Year to which the Annual Report pertains), and the principal amount of all Agency debt outstanding and payable with Tax Revenues.

(d) Information regarding total historic assessed values and tax increment within the Project Area, as set forth in Table 4 of the Official Statement of the Agency, dated _____, 2017 (the "Official Statement"), together with "Net Tax Increment" and "Total Debt Service Coverage," including debt service payable for Housing Bonds, as shown in the Official Statement, if and to the extent provided to the Agency by the County.

(e) Information regarding the top ten (10) tax payers within the Project Area, as set forth in Table 2 of the Official Statement, if and to the extent provided to the Agency by the County.

(f) Information regarding assessment appeals for the ten largest taxpayers as shown in Table 5 of the Official Statement, if and to the extent provided to the Agency by the County.

(g) Information regarding assessment appeals for the Project Area as shown in Table 6 of the Official Statement if and to the extent provided to the Agency by the County.

(h) An annual statement regarding the status of Riverside County's most recent policy regarding the advancement of annual tax delinquencies to the Riverside County Successor Agency's five redevelopment project areas otherwise referred to as the County's version of a "Teeter Plan."

Any or all of the items listed above may be set forth in one or a set of documents or 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 available to the public on the MSRB's website. The Agency shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, 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:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. 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);
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), 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) The Agency shall give, or cause to be given, 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:

1. Unless described in paragraph 5(a)(5), 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;
2. Modifications to rights of Bondholders;

3. Optional, unscheduled or contingent Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. Non-payment related defaults;
6. 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; or
7. Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the Issuer determines would be material under applicable federal securities laws, the Agency shall within ten (10) Business Days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. Dissemination Agent. The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Agency.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), 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 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Agency shall describe such amendment 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 should 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 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. 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 Certificate, the Agency shall have no obligation under this Certificate 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 11. Default. In the event of a failure of the Agency to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Riverside or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the Agency to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Agency, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2017

SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY FOR THE COUNTY OF RIVERSIDE

By _____

CONTINUING DISCLOSURE EXHIBIT A

**FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of Agency: SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR
THE COUNTY OF RIVERSIDE

Name of Bond Issue: SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR
THE COUNTY OF RIVERSIDE JURUPA VALLEY
REDEVELOPMENT PROJECT AREA 2017 TAX ALLOCATION
REFUNDING BONDS, SERIES B

Date of Issuance: _____, 2017

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the Agency, dated the Date of Issuance. [The Agency anticipates that the Annual Report will be filed by _____.]

Dated: _____

SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY FOR THE COUNTY OF RIVERSIDE

By _____ [to be signed only if filed] _____

APPENDIX H

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