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



ITEM 4.2 (ID # 5875)

MEETING DATE:

Tuesday, December 5, 2017

FROM: SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY:

SUBJECT: SUCCESSOR AGENCY: Refunding of Outstanding Bonds of the Dissolved

Redevelopment Agency, All Districts, [\$350,000], Bond Proceeds. (Vote on

Separately)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Successor Agency Resolution no. 2017-021, confirming the issuance of refunding tax allocation housing bonds Series B and Series A-T ("Refunding Bonds"), to refinance the remaining portion of the 2010 Series A-T Housing Taxable Bonds, and the 2011 Series A Housing Bonds, approving the Preliminary and Final Official Statements and approving for other matters properly related thereto, and

2. Direct staff to take the necessary actions to complete the issuance of the Refunding Bonds.

ACTION: Policy

11/22/2017

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Jeffries 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

Date:

Absent: None

XC:

December 5, 2017 E.O.

Kecia Harper-Ihem Clerk of the Board

Bv

Deputy

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

BACKGROUND:

Summary

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 350,000	\$ 0	\$ 350,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$0	\$ 0
SOURCE OF FUND	S: Bond Brosseds	Budget Adj	ustment: No	
OCCINCE OF TORL	O. Bond Proceeds	For Fiscal	Year:	
			17/18	

C.E.O. RECOMMENDATION: Approve

On August 29, 2017, the Board of Supervisors, sitting as Successor Agency Board, approved via Agenda Item 4-6, Successor Agency Resolution No. 2017-019, the refunding of certain outstanding bonds of the Agency. On August 10, 2017, the Debt Advisory Committee (DAC) of the County approved the issuance of the refunding bonds. On October 19, 2017, the Oversight Board to the Successor Agency also approved the issuance of the refunding bonds and submitted the documents for approval of the State Department of Finance (DOF).

The Preliminary Official Statement, which is included as attachment A, represents the County's required disclosure to bond investors. DOF approval for the refunding was received on November 16, 2017.

As noted in the prior submission: the term of the existing bonds will not be extended and the refunding bonds produce savings well in excess of the Board's present value 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.

Series	2010 A-T Housing Bonds	2011 Series A Housing Bonds	Combined
Par Amount	\$52,470,000	\$29,050,422	\$81,520,422
NPV Savings	\$5,551,724	\$3,971,750	\$9,523,473
NPV Savings As %			
refunded bonds	12.55%	20.13%	14.89%
Avg. Savings	\$391,475	\$223,365	\$536,546
Total Savings	\$7,829,524	\$5,584,122	\$13,413,646

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

As of November 15, 2017.

These refunding bonds will be issued prior to year-end (December 31, 2017), based upon the current schedule.

Impact on Citizens 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, K-12 school districts and community college districts, and finally cities and special districts.

Kent, Assistant CEO-County Finance Officer 11/27/2017

Gregory V. Prianios, Director County Counse

11/2//2017

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FORM APPROVED-COUNTY COUNSEL 25 A RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE CONFIRMING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE DISSOLVED REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, APPROVING PRELIMINARY AND FINAL OFFICIAL STATEMENTS AND PROVIDING FOR OTHER MATTERS PROPERLY RELATED THERETO

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

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued its (i) Redevelopment Agency for the County of Riverside 2010 Taxable Tax Allocation Housing Bonds, Series A-T (the "2010 Series A-T Bonds") in the initial aggregate principal amount of \$50,860,000, and (ii) Redevelopment Agency for the County of Riverside 2011 Tax Allocation Housing Bonds, Series A (the "2011 Series A Bonds" and, together with the 2010

Series A-T Bonds, the "Prior Bonds") in the initial aggregate principal amount of \$14,093,027.60, in each case for the purpose of financing low- and moderate-income housing within the County of Riverside;

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

2.1

WHEREAS, the Successor Agency, pursuant to Resolution No. 2017-019 (the "Successor Resolution"), adopted on August 29, 2017, approved the issuance of Successor Agency to the Redevelopment Agency For the County of Riverside 2017 Taxable Tax Allocation Housing Refunding Bonds, Series A-T (the "2017 Series A-T Bonds") and Successor Agency to the Redevelopment Agency For the County of Riverside 2017 Tax Allocation Housing Refunding Bonds, Series B (the "2017 Series B Bonds"), in the combined initial aggregate principal amount of \$95,000,000, in order to refund, in whole or in part, the Prior Bonds, subject to the Savings Parameters being met;

WHEREAS, given the delay in the issuance, sale and delivery of the 2017 Series A-T Bonds and the 2017 Series B Bonds, the Successor Agency now desires to re-designate the 2017 Series A-T Bonds as the "Successor Agency to the Redevelopment Agency For the County of Riverside 2018 Taxable Tax Allocation Housing Refunding Bonds, Series A-T" (the "2018 Series A-T Bonds"), and to re-designate the 2017 Series B Bonds as the "Successor Agency to the Redevelopment Agency For the County of Riverside 2018 Tax Allocation Housing Refunding Bonds, Series A" (the "2018 Series A Bonds" and, together with the 2018 Series A-T Bonds, the "Refunding Bonds") if such bonds are issued in 2018;

WHEREAS, the Oversight Board for the Successor Agency, by Resolution OB No. 2017-017 (the "OB Resolution"), adopted October 19, 2017, approved the issuance of the Refunding Bonds, and the OB Resolution, together with additional materials, has been submitted to the California Department of Finance for its approval of the OB Resolution and the issuance of the Refunding Bonds;

WHEREAS, the Successor Agency, with the assistance of its disclosure counsel, Best Best & Krieger LLP, has prepared a draft of an Official Statement for each series of the Refunding Bonds (together, the "Official Statement"), which contains information regarding the Refunding Bonds, the Former Agency,

the Successor Agency, and the Former Agency's redevelopment project areas, the preliminary form of which is on file with the Secretary of the Successor Agency;

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

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

1.3

1. Confirmation of Approval of Issuance of the Refunding
Bonds; Re-designation. The Successor Agency hereby confirms its
actions in the Bond Resolution authorizing and approving the
issuance and sale of the Refunding Bonds, and further approves
the re-designation of the Refunding Bonds as set forth above.

Executive Officer of the County of Riverside, and the County's Finance Officer, on behalf of the Successor Agency (each, an "Authorized Officer"), is hereby authorized and directed to execute and deliver the various documents and certificates approved in Resolution No. 2017-019 of the Successor Agency.

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

In the event that the two series of Refunding Bonds are marketed at separate times, the Successor Agency shall utilize a separate Official Statement for each series. In the event that the two series of Refunding Bonds are marketed at the same time, the Successor Agency may elect to utilize one Official Statement for both series.

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

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

his or her behalf in the case such officer is absent or unavailable.

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

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 5th day of December, 2017, by
4	the following vote:
5	
б	AYES: Jeffries, Tavaglione, Washington, Perez and Ashley
7	
8	NOES: None
9	
10	ABSENT: None
11	
12	ABSTAIN: None
13	a Complete
14	Chair
15	(S E A L)
16	Attest:
17	Warning. 1
18	By Secretary
19	, secretary
20	The foregoing is cortified to be a true copy of a recolution duly
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 By
23	Deputy
24	

PRELIMINARY OFFICIAL STATEMENT DATED , 2017

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

See "RATINGS" herein

In the opinion of Jones Hall, A Professional Law Corporation, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the 2017 Series 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 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. However, interest on the 2017 Series A-T Bonds is not exempt from gross income for federal income tax purposes. Interest on the 2017 Series B Bonds and the 2017 Series A-T Bonds is exempt from California personal income taxes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the ownership, sale or disposition of the 2017 Series B Bonds, or the amount, accrual or receipt of interest on the 2017 Series B Bonds. See "OTHER INFORMATION – Tax Matters" herein.

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

\$ Successor Agency to the Redevelopment Agency for the County of Riverside 2017 Taxable Tax Allocation Housing Refunding Bonds, Series A-T

Dated: Date of Delivery

Due: October 1, as shown on inside cover

The Successor Agency to the Redevelopment Agency for the County of Riverside (the "Agency" or "Successor Agency") 2017 Tax Allocation Housing Refunding Bonds, Series B (the "2017 Series B Bonds") will be secured under an Indenture of Trust dated as of December 1, 2004 (the "2004 Indenture") as supplemented and amended, including as supplemented and amended by that Eighth Supplement to Indenture of Trust dated as of May 1, 2017 (the "2017 Series B Indenture"), each, by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Successor Agency's 2017 Taxable Tax Allocation Housing Refunding Bonds Series A-T (the "2017 Series A-T Bonds," and together with the 2017 Series B Bonds, the "Bonds") will be secured under an Indenture of Trust (the "2004 A-T Indenture"), dated as of December 1, 2004, by and between the Successor Agency and the Trustee, as supplemented and amended by that Third Supplement to Indenture of Trust (the "Third Supplemental Indenture," and together with the 2004 A-T Indenture, the "2017 Series A-T Indenture"). Together, the 2017 Series B Indenture and the 2017 Series A-T T Indenture are referred to collectively as the "Indentures." The payments due under the Indentures are secured by a pledge of, security interest in and lien on Housing Tax Revenues (as defined in the Indentures and described herein) and payable on a parity with certain other bonds of the Agency described herein. See "SECURITY FOR THE

The 2017 Series B Bonds are being issued (i) to refinance the 2011 A Bonds as more fully described herein, (ii) to fund the Reserve Requirement for the 2017 Series B Bonds, 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 A-T Bonds are being issued (i) to refinance the 2010A-T Bonds as more fully described herein, (ii) to fund the Reserve Requirement for the 2017 Series A-T Bonds, and (iii) to pay costs of issuance of the 2017 Series A-T Bonds, [including the cost of the financial guaranty insurance premium for the 2017 Series A-T Bonds.] See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Bonds are being issued in fully registered form, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of Bonds may be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers of interests in the Bonds will not receive certificates from the Successor Agency or the Trustee representing their interest in

The 2017 Series B Bonds will be issued as Current Interest Bonds and as Convertible Capital Appreciation Bonds. The 2017 Series A-T Bonds will be issued as Current Interest Bonds. Interest on the Current Interest Bonds will be payable semiannually on April 1 and October 1 of each year, commencing [April 1, 2018.] The Convertible Capital Appreciation Bonds will not bear current interest but will accrete interest from the date of their delivery, compounded semiannually on October 1 and April 1 of each year, commencing April 1, 2018, until the Conversion Date. On the respective Conversion Dates set forth on the inside cover page, the Convertible Capital Appreciation Bonds will convert to Bonds in principal amounts equal to the Accreted Value (defined herein) thereof that bear interest on a current basis. After the Conversion Date, interest with respect to the Convertible Capital Appreciation Bonds will accrue and be payable semiannually on October 1 and April 1 of each year. The Accreted Values of the Convertible Capital Appreciation Bonds prior to the Conversion Date are set forth in Appendix I hereto. Payments of principal, premium, if any, interest, or Accreted Value on the Bonds will be payable by the Trustee, to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as more fully described herein.

The Bonds are subject to optional redemption prior to maturity and mandatory sinking fund redemption as described herein. See "THE BONDS -Redemption of the Bonds" herein.

[The scheduled payment of principal or Accreted Value, of and interest on the [2017 Series B Bonds] maturing on October 1 of the years inclusive, and the principal of all interest on the [2017 Series A-T Bonds] maturing on October 1 of the years through, inclusive, as indicated on the inside cover hereof (collectively, the "Insured Bonds"), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds] [TO COME].

The Bonds are a special obligation of the Agency payable solely from Housing Tax Revenues and moneys held under the Indentures. Neither the County of Riverside (the "County") nor the State of California shall be obligated to pay the principal of the Bonds, or the interest thereon, except from the funds described above, and neither the faith and the credit nor the taxing power of the County, the State of California nor any political subdivision thereof except the Agency is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the Agency, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriations for their payment. The Agency does not have any taxing power. The Bonds do not constitute an indebtedness in contravention of any constitutional or statutory debt limitation or restriction.

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

For a discussion of some of the risks associated with a purchase of the Bonds, see "BOND OWNERS' RISKS" herein.

MATURITY SCHEDULE See inside front cover

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

Citigroup	
Dated:	

Raymond James

\$_____Successor Agency to the Redevelopment Agency for the County of Riverside 2017 Tax Allocation Housing Refunding Bonds, Series B

MATURITY SCHEDULE

		\$	Current	Interest Bond	ls [†]		
Matur Dato (<u>Octobo</u>	e	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>Price</u>	CUSIP	•† -
\$	*	_% Term Bond D	due October 1, _	, Yield:	_%, Price:	_c, CUSIP†:	
	\$		ational Amount tible Capital A _l		Conversion Va	lue)	
Maturity (October 1)	Initial Principal <u>Amount</u>		Conversion <u>Date</u>	Conversion <u>Value</u>	Interest Rate after Conversion	<u>Yield</u>	CUSIP

^C Priced to optional redemption date of October 1, ____ at par.

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\$______Successor Agency to the Redevelopment Agency for the County of Riverside 2017 Taxable Tax Allocation Housing Refunding Bonds, Series A-T

MATURITY SCHEDULE

Serial Bonds (Base CUSIP [†] :)						
Maturity Date (October 1)	Principal <u>Amount</u>	Interest <u>Rate</u>	Yield	<u>Price</u>	<u>CUSIP</u> †	

\$_____* ___% Term Bond Due October 1, ____, Yield: ___%, Price: ____^C, CUSIP[†]: ___

^C Priced to optional redemption date of October 1, ____ at par.

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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

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

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 V. Manuel Perez, District 4 Marion Ashley, District 5

SUCCESSOR AGENCY/COUNTY STAFF

George Johnson, County Executive Officer
Lisa Brandl, Chief Operating Officer
Don Kent, Assistant County Executive Officer/Chief Finance Officer
Jon Christensen, Treasurer-Tax Collector
Paul Angulo, Auditor-Controller
Peter Aldana, County Clerk-Recorder
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
2017 Tax Allocation Housing Refunding Bonds,
Series B

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

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement and the offering of the Bonds, 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 2017 Tax Allocation Housing Refunding
Bonds, Series B in the aggregate principal amount of \$ (the "2017 Series B Bonds") and its 2017
Taxable Tax Allocation Housing Refunding Bonds, Series A-T (the "2017 Series A-T Bonds," and together with
the 2017 Series B Bonds, the "Bonds"). The 2017 Series B Bonds will be issued (i) as current interest bonds
("Current Interest Bonds") in the aggregate principal amount of \$, and (ii) as Convertible Capital
Appreciation Bonds ("Convertible Capital Appreciation Bonds") in the aggregate initial principal amount of
\$ and a total aggregate Conversion Value of \$ The 2017 Series A-T Bonds will be
issued only as Current Interest Bonds.

Purpose

The 2017 Series B Bonds are being issued (i) to refinance the Agency's 2011A Bonds (as defined herein), (ii) to fund the Reserve Requirement for the 2017 Series B Bonds, 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.

The 2017 Series A-T Bonds are being issued (i) to refinance the Agency's 2010A-T Bonds (as defined herein), (ii) to fund the Reserve Requirement for the 2017 Series A-T Bonds, and (iii) to pay costs of issuance of the 2017 Series A-T Bonds, [including the financial guaranty insurance premium for the 2017 Series A-T Bonds.] See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

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

The Successor Agency will issue the 2017 Series B Bonds pursuant to an Indenture of Trust dated as of December 1, 2004 (the "2004 Indenture") as amended and supplemented, including as amended and supplemented by the Eighth Supplement to Indenture of Trust (the "Eighth Supplement") dated as of ______, 2017 by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), the proceeds of which will be used to refund the Agency's 2011 Bonds, as more fully

described herein. The 2004 Indenture as heretofore supplemented and amended from time to time and by the Eighth Supplement is referred to herein as the "2017 Series B Indenture").

The Bonds will be payable from, and secured by, property tax revenues (formerly tax increment revenues) related to all of the Successor Agency's Project Areas, defined herein, which will include moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund ("RPTTF") established under the Dissolution Act, in particular, those amounts required to be deposited into the Former Agency's, as defined herein, Low and Moderate Income Housing Fund to the extent required to pay debt service on the Bonds and any Parity Debt, defined herein, as provided in the California Health and Safety Code as more fully described herein. Collectively, such tax increment revenues subject to a pledge under the Indentures are referred to herein as "Housing Tax Revenues." The lien on Housing Tax Revenues secures the Bonds on a parity with the Agency's outstanding 2004 A-T Bonds, 2011 A-T Bonds, 2014 Bonds, 2015 Bonds and 2017A Bonds, as defined herein. See "SECURITY FOR THE BONDS."

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

The Oversight Board for the Successor Agency approved the issuance of the Bonds by the Successor Agency by resolution adopted on October 19, 2017 (the "Oversight Board Resolution"). The Department of Finance of the State of California released its letter approving the Oversight Board Resolution approving the issuance of the Bonds on November 16, 2017. See APPENDIX J - "STATE DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE BONDS."

The County and the Successor Agency

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

The Successor Agency. As described below, the Successor Agency has succeeded to certain rights of the Redevelopment Agency for the County of Riverside (the "Former Agency"). The Former Agency was organized by the County Board of Supervisors in 1985, to exercise the powers granted by the 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 Areas" below. See also "SUCCESSOR AGENCY TO THE REDEVELOPMENT

AGENCY FOR THE COUNTY OF RIVERSIDE" for a discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

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

The Project Areas

The Former Agency was activated on August 6, 1985, by ordinance of the Board of Supervisors (the "Board") of the County under the Redevelopment Law. The Board at the same time declared itself to be the governing body of the Former Agency.

There are five separate project areas (collectively, the "Project Areas") designated as follows and more particularly described under the caption "THE PROJECT AREAS:"

- Redevelopment Project Area No. 1-1986 (the "Project Area No. 1-1986"),
- Jurupa Valley Redevelopment Project Area (the "Jurupa Valley Project Area"),
- Mid-County Redevelopment Project Area (the "Mid-County Project Area"),
- Desert Communities Redevelopment Project Area (the "Desert Communities Project Area"),
- Interstate 215 Corridor Redevelopment Project Area (the "Interstate 215 Corridor Project Area").

Under the Dissolution Act, the Bonds are secured by a pledge of, and payable from moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held and administered by the Office of the Auditor Controller of the County of Riverside (the "County Auditor-Controller") with respect to the Successor Agency (the "Redevelopment Property Tax Trust Fund"). DISCUSSIONS HEREIN REGARDING HOUSING TAX REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE COUNTY AUDITOR-CONTROLLER INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND EQUAL TO SUCH HOUSING TAX REVENUES. The Dissolution Act authorizes the issuance of bonds by a successor agency to refund bonds previously issued by a former redevelopment agency, which bonds may be secured by a pledge of property tax increment with the same legal effect as if the Bonds had been issued prior to the Dissolution Act, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date. See "SECURITY FOR THE BONDS – Agency Indenture."

Terms of the Bonds

The Bonds will be issued in denominations of \$5,000 and any integral multiple thereof (the "Authorized Denominations"). The Bonds will be dated their date of delivery and are payable with respect to interest semiannually each April 1 and October 1, commencing on April 1, 2018.

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

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

Security for the Bonds

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

The Bonds will be special obligations of the Successor Agency and will be payable, as to interest thereon and principal thereof, exclusively from the Housing Tax Revenues and certain other amounts pledged under the Indenture, and the Successor Agency is not obligated to pay the Bonds except from such Housing Tax Revenues and such other amounts. The Bonds are payable as set forth in the Indentures, are not a debt of the County, the State of California or any other political subdivision of the State (except the Successor Agency, to the extent described herein), and neither the State, the County nor any of the State's other political subdivisions (except the Successor Agency, to the extent described herein) is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" attached hereto. The Agency has certain other bonds outstanding under the Indenture that are payable on a parity from Housing Tax Revenues with the Bonds. Such bonds, together with the Bonds and any additional bonds issued under the Indenture, are herein referred to as the "Parity Bonds." See "- Outstanding Parity Bonds" below.

Housing Tax Revenues. Proceeds of the 2017 Series B Bonds will be applied to the refunding of all of the Former Agency's outstanding 2011A Bonds and the proceeds of the 2017 Series A-T Bonds will be applied to the refunding of all of the Former Agency's outstanding 2010A-T Bonds (hereinafter defined, see "PLAN OF FINANCE"). The 2011A Bonds and the 2010A-T Bonds are payable from and secured by a pledge of, security interest in and lien on "Housing Tax Revenues," which consist of tax increment revenues that were, prior to dissolution, required by the Redevelopment Law to be deposited in the Former Agency's Low and Moderate Income Housing Fund, that is, not less than twenty percent (20%) of the tax increment revenues allocated to the Former Agency with respect to the Project Areas. The Indentures define "Housing Tax Revenues" to mean that portion of Tax Revenues required by Section 33334.3 of the Redevelopment Law to be deposited in the Agency's Low and Moderate Income Housing Fund. Pursuant to the Dissolution Act, Housing Tax Revenues are no longer required to be deposited in the Low and Moderate Income Housing Fund and are deposited in the Redevelopment Property Tax Trust Fund. Accordingly, Housing Tax Revenues consists of amounts deposited in the Redevelopment Property Tax Trust Fund that, but for the Dissolution Act, would have been deposited in the Low and Moderate Income Housing Fund. See "SECURITY FOR THE BONDS – Indentures."

Section 34177.5(a)(1)(B) of the Dissolution Act provides that "the successor agency may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, and that pledge, when made in connection with the issuance of such refunding bonds or other indebtedness, shall have the same lien priority as the pledge of the bonds or other obligations to be refunded, and shall be valid, binding, and enforceable in accordance with its terms."

Based on the authority granted by Section 34177.5(a)(1)(B), the Successor Agency has pledged to the payment of debt service on the Bonds the same Housing Tax Revenues pledged to the payment of the 2011A Bonds and the 2010A-T Bonds. Accordingly, although for most purposes under the Dissolution Act tax increment revenues are no longer required to be set aside to finance low and moderate income housing, for

purposes of the payment of debt service on the Bonds and any Parity Debt, Housing Tax Revenues must be made available in compliance with the authority to pledge such Housing Tax Revenues that is granted to the Successor Agency by Section 34177.5(a)(1)(B) of the Dissolution Act.

Additional Debt. As more fully described under "SECURITY FOR THE BONDS," the Agency may issue or incur additional obligations on a parity with the pledge of the Housing Tax Revenues securing the Bonds if certain conditions are met under the Indenture and the Dissolution Act. Such debt is referred to in the Indenture as "Parity Debt." Parity Debt issued as bonds under the Indentures is referred to herein as "Parity Bonds." The Successor Agency will not be permitted to issue any obligations with a lien senior to the lien of the Bonds.

Outstanding Parity Bonds. As more fully described under "SECURITY FOR THE BONDS," the Agency has outstanding certain bonds payable on a parity basis with the Bonds. The Parity Bonds are as shown below:

- 1. \$37,000,000 2004 Taxable Tax Allocation Housing Bonds, Series A-T (the "2004 A-T Bonds"), outstanding in the amount of \$20,970,000.
- 2. \$50,860,000 2010 Taxable Tax Allocation Housing Bonds, Series A-T (Taxable) (the "2010A-T Bonds") outstanding in the amount of \$44,225,000⁽¹⁾.
- 3. \$14,093,000 2011 Tax Allocation Housing Bonds, Series A (the "2011A Bonds") outstanding in the amount of \$14,093,027.60⁽²⁾, \$6,580,000 of which are current interest bonds and \$7,513,027.60 are Convertible Capital Appreciation Bonding with a Final Accreted Value of \$17,965,000.
- 4. \$14,095,000 2011 Taxable Tax Allocation Housing Bonds, Series A-T (the "2011 A-T Bonds," and, together with the 2011A Bonds, the "2011 Bonds") outstanding in the amount of \$5,875,000.
- 5. \$36,465,000 2014 Tax Allocation Housing Refunding Bonds, Series A (the "2014 Bonds"), outstanding in the amount of \$36,465,000.
- 6. \$13,545,000 2015 Tax Allocation Refunding Bonds, Series A, outstanding in the amount of \$12,490,000 (the "2015 Bonds").
- 7. \$18,135,000 2017 Tax Allocation Housing Refunding Bonds, Series A, outstanding in the amount of \$17,960,000 (the "2017 A Bonds").

All of the outstanding 2004 A-T Bonds, the 2010A Bonds, the 2010A-T Bonds, the 2011 Bonds, the 2014 Bonds, the 2015 Bonds and the 2017A Bonds are payable from Housing Tax Revenues on a parity with the Bonds, and are referred to herein as, "Parity Bonds."

Reserve Accounts. In order to further secure the payment of the principal of and interest on the Bonds, separate Reserve Accounts in the Special Funds are established under the Indentures in an amount equal to the Reserve Requirement for the 2017 Series B Bonds and the 2017 Series A-T Bonds, under each respective Indenture (individually, the "Reserve Requirement"). Amounts on deposit in the Reserve Accounts, at the option of the Successor Agency, may be funded on a combined basis with other Parity Bonds of the Successor Agency. The Successor Agency has determined that the [Reserve Subaccount for the 2017 Series B Bonds, together with the Reserve Subaccount established with respect to the 2011A-T Bonds (the "2011A-T Reserve Subaccount") will secure only the 2017 Series B Bonds and the 2011A-T Bonds, and will not secure any other outstanding Parity Bonds. The Successor Agency has determined that the 2017 Series A-T Reserve Subaccount

To be refunded by the 2017 Series A-T Bonds..

⁽²⁾ To be refunded by the 2017 Series B Bonds..

with respect to the 2017 Series A-T Bonds together with the Reserve Subaccount established with respect to the 2017A Bonds will secure only the 2017 Series A-T Bonds and the 2017A Bonds, and will not secure any other Parity Bonds.

Professionals Involved in the Offering

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

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 B - "REPORT OF FISCAL CONSULTANT" herein.

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

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

Continuing Disclosure

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

Reference to Underlying Documents

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

PLAN OF FINANCE

Refunding of 2011A Bonds

The 2017 Series B Bonds are being issued (i) to refinance the 2011A Bonds as more fully described below, (ii) to fund the Reserve Requirement for the reserve account, and (iii) to pay costs of issuance of the 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 Former Agency previously issued its \$14,093,000 original principal amount of 2011 Housing Tax Allocation Bonds, Series A (the "2011A Bonds"). The 2011A Bonds were issued pursuant to the 2004 Indenture as supplemented by the Third Supplement to Indenture of Trust, dated as of March 1, 2011, each by and between the Former Agency and the Bank of New York Mellon Trust Company, N.A., as succeeded by the Trustee (together, the "2011A Indenture").

The 2011A Bonds to be redeemed consist of bonds represented by the following maturity dates and CUSIP No.

2011A Bonds

Maturity Date (October 1)

CUSIP

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 an escrow fund (the "Escrow Fund") established for the 2011A Bonds, under certain Irrevocable Refunding Instructions (the "Refunding Instructions") delivered by the Successor Agency to the Trustee. Currently, \$_________ of the 2011A Bonds are outstanding. Moneys deposited in the Escrow Fund will be used to purchase federal securities, which, together with any cash therein, will be sufficient to pay the principal and interest on the 2011A Bonds through and including October 1, 2021, and on such date, all of the outstanding 2011A Bonds in the amount of \$______ will be redeemed at a redemption price equal to the principal amount thereof plus accrued and unpaid interest to October 1, 2021.

The sufficiency of the deposits in the redemption fund for the 2011A Bonds for those purposes will be verified by Causey Demgen & Moore PC (the "Verification Agent"), See "OTHER MATTERS – 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 2011A Bonds, the Successor Agency's obligations under the 2011A Indenture related to the 2011A Bonds will be discharged.

The amounts held and invested by the Trustee for the respective 2011A Bonds in the redemption fund are pledged solely to the payment of amounts due and payable by the Agency under the 2011A Indenture. Neither the funds deposited in the redemption funds for the 2011A Bonds nor the interest on the invested funds will be available for the payment of debt service on the 2017 Series B Bonds.

Refunding of 2010A-T Bonds

The 2017 Series A-T Bonds are being issued (i) to refinance the 2010A-T Bonds as more fully described below, (ii) to fund the Reserve Requirement for the reserve account, and (iii) to pay costs of issuance of the 2017 Series A-T Bonds, [including the cost of the financial guaranty insurance premium for the 2017 Series A-T Bonds]. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Former Agency previously issued its \$50,860,000 original principal amount of 2010 Housing Tax Allocation Bonds, Series A-T (the "2010A-T Bonds"). The 2010A-T Bonds were issued pursuant to the 2004A-T Indenture, as supplemented by the First Supplement to Indenture of Trust, dated as of May 1, 2010, each by and between the Former Agency and the Bank of New York Mellon Trust Company, N.A., as succeeded by the Trustee (together, the "2010A-T Indenture").

The 2010A-T Bonds to be redeemed consist of bonds represented by the following maturity dates and CUSIP Nos.

2010A-T Bonds

Maturity Date (October 1)

CUSIP

The sufficiency of the deposits in the redemption fund for the 2010A-T Bonds for those purposes will be verified by Causey Demgen & Moore PC (the "Verification Agent"), See "OTHER MATTERS – 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 2010A-T Bonds, the Successor Agency's obligations under the 2010A-T Indenture related to the 2010A-T Bonds will be discharged.

The amounts held and invested by the Trustee for the respective 2010A-T Bonds in the redemption fund are pledged solely to the payment of amounts due and payable by the Agency under the 2010A-T Indenture. Neither the funds deposited in the redemption funds for the 2010A-T Bonds nor the interest on the invested funds will be available for the payment of debt service on the 2017 Series A-T 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 and the 2017 Series A-T Bonds.

2017 Series B 2017 Series A-T Total

Sources:

Par Amount of 2017 Series B Bonds
Par Amount of 2017 Series A-T Bonds
Net Original Issue Premium
Funds Relating to 2011A Bonds
Funds Relating to 2010A-T Bonds
TOTAL SOURCES:

Uses:

Costs of Issuance⁽¹⁾
2017 Series B Reserve Subaccount⁽²⁾
2017 Series A-T Reserve Subaccount⁽³⁾
Deposit to Escrow Fund for 2011A Bonds
Deposit to Escrow Fund for 2010A-T Bonds
TOTAL USES:

Includes Underwriters' Discount, legal fees, printing, rating agency fees and expenses, fees of the Municipal Advisor, fees of the Fiscal Consultant, insurance policy premium and other issuance costs of the Bonds.

Deposit, together with deposits in 2011A-T Reserve Subaccount, meet the Reserve Requirement for the 2017 Series B Bonds.

⁽³⁾ Deposit, together with deposits in 2017A Reserve Subaccount, meet the Reserve Requirement for the 2017 Series A-T Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS OF THE BONDS

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

				2017
	2017	2017	2017	Series A
Year Ending	Series B	Series B	Series B	Debt Service
(October 1)	Principal	<u>Interest</u>	Accreted Value	<u>Total</u>

The following table provides the annual debt service requirements of the 2017 Series A-T Bonds.

			2017
	2017	2017	Series A-T
Year Ending	Series A-T	Series A-T	Debt Service
(October 1)	Principal	<u>Interest</u>	<u>Total</u>

THE BONDS

Interest Payable

Current Interest Bonds and Convertible Capital Appreciation Bonds. The Current Interest Bonds will be dated their date delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable semiannually on April 1 and October 1 (each, an "Interest Payment Date"), commencing [April 1, 2018,] and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Current Interest Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof, so long as no Bond shall have more than one maturity date.

The Convertible Capital Appreciation Bonds will initially be issued as Capital Appreciation Bonds and will convert to Bonds that pay interest on a current basis on the conversion date set forth on the inside cover page hereof (the "Conversion Date"). The Convertible Capital Appreciation Bonds will be dated the Dated Date, and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 Conversion Value (where the "Conversion Value" means the accreted value of a Convertible Capital Appreciation Bond on the Conversion Date for such Bond) and any integral multiple thereof. The Conversion Value of each Capital Appreciation Bond is equal to its Accreted Value, being comprised of its Initial Principal Amount and the semi-annually compounded interest between the delivery date and its applicable Conversion Date. See "APPENDIX I – Tables of Accreted Values".

Each Current Interest Bond and each Convertible Capital Appreciation Bond after its Conversion Date shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before [April 1, 2018], in which event it shall bear interest from the date of delivery of the Current Interest Bonds (the "Closing Date"); provided, however, that if, as of the date of authentication of any Current Interest Bond and on each Convertible Capital Appreciation Bond after its Conversion Date, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. The Bonds shall mature and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months).

Interest on the Current Interest Bonds and each Convertible Capital Appreciation Bond after its Conversion Date (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of Current Interest Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request.

"Accreted Value" means, with respect to Convertible Capital Appreciation Bonds (until the Conversion Date), the initial principal amount of and accrued and compounded interest thereon as of any April 1 or October 1 determined solely by reference to the Table of Accreted Values set forth on the form of Convertible Capital Appreciation Bond. The Accreted Value for any date not specified in said Table shall be determined by adding to the Accreted Value set forth in said Table for the date next preceding the date in question (the "Preceding Accreted Value") that portion of the difference between the Preceding Accreted Value and the Accreted Value for the date set forth in said Table for the date next succeeding the date in question (the "Succeeding Accreted Value") that the number of days (based on twelve 30-day months) from the Preceding Accreted Value bears to the total number of days from the date of the Preceding Accreted Value to the date of the Succeeding Accreted Value.

General

The Bonds will be issued only as one fully registered Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as registered owner of all Bonds. See "Book-Entry System" below. Ownership may be changed only upon the registration books maintained by The Bank of New York Mellon Trust Company, N.A. (the "Trustee") as provided in the Indenture.

Pursuant to the Indentures, Bonds may be presented for transfer by a Registered Owner, in person or by his attorney duly authorized in writing, at the office of the Trustee in Los Angeles, California, or at such other place as is designated by the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indentures, and upon surrender and cancellation of such Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange therefor.

Notwithstanding the foregoing, while the 2017 Series B Bonds or the 2017 Series A-T Bonds, or both, 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 applicable Bonds, for subsequent disbursement to Participants and beneficial owners. See "APPENDIX E-DTC and the BOOK-ENTRY SYSTEM".

Redemption of the Bonds

Optional Redemption 2017 Series B Bonds. Current Interest Bonds. The 2017 Series B Bonds that are Current Interest 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. The 2017 Series B Bonds that are Current Interest Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of the 2017 Series B Bonds that are Current Interest Bonds to be redeemed plus accrued interest to the redemption date, without premium.

Convertible Capital Appreciation Bonds. The 2017 Series B Bonds that are Convertible Capital Appreciation Bonds maturing on or before October 1, _____, are not subject to optional redemption prior to maturity. The 2017 Series B Bonds that are Convertible Capital Appreciation Bonds maturing on or after October 1, ____, are subject to redemption, at the option of the Agency on any April 1 or October 1 on or after October 1, ____, as a whole or in part, by such maturities as shall be determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the Accreted Value of the Convertible Capital Appreciation Bonds to be redeemed, together with accrued interest thereon to the date of redemption if after the Conversion Date, without premium.

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. The 2017 Series A-T Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of the 2017 Series A-T Bonds to be redeemed plus accrued interest to the redemption date, without premium.

Mandatory Sinking Fund Redemption 2017 Series B Bonds. The 2017 Series B Bonds that are Current Interest Bonds maturing on October 1, ____ and the 2017 Series B Bonds that are Convertible Capital Appreciation Bonds maturing October 1, ____, and October 1, ____ (the "Term Bonds") shall be subject to mandatory redemption in part by lot on October 1 of each year as set forth below, from Sinking Account payments made by the Successor Agency at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased in whole or in part, in the aggregate principal amounts and on the dates as set forth in the

following table; provided, however, that if some but not all such Term Bonds have been optionally redeemed, the total amount of all future applicable Sinking Account payments shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among the Sinking Account payments as are thereafter payable on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Agency to the Trustee).

2017 Series B Current Interest Bonds Term Bonds Maturing October 1,

2017 Series B Term Convertible Capital Appreciation Bonds Maturing October 1,

Sinking Account Redemption Date (October 1)

Conversion Value Principle
Amount To Be
Redeemed or Purchased

2017 Series B Term Convertible Capital Appreciation Bonds Maturing October 1,

Sinking Account Redemption Date (October 1) Conversion Value Principle Amount To Be Redeemed or Purchased

Mandatory Sinking Fund Redemption 2017 Series A-T Bonds. The 2017 Series A-T Bond maturing on October 1, _____ (the "Term Bond") shall be subject to mandatory redemption in part by lot on October 1 of each year as set forth below, from Sinking Account payments made by the Successor Agency at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased in whole or in part, in the aggregate principal amounts and on the dates as set forth in the following table; provided, however, that if some but not all such Term Bond has been optionally redeemed, the total amount of all future applicable Sinking Account payments shall be reduced by the aggregate principal amount of such Term Bond so redeemed, to be allocated among the Sinking Account payments as are thereafter payable on a pro rata basis in integral multiples of \$5,000 as determined by the Successor Agency (notice of which determination shall be given by the Agency to the Trustee).

2017 Series A-T Bonds
Term Bonds Maturing October 1, ____

Redemption Date (October 1)

Amount

In lieu of redemption of the Term Bond, amounts on deposit as Sinking Account payments may also be used and withdrawn by the Trustee, at the written direction of the Successor Agency, at any time for the purchase of such Term Bond otherwise required to be redeemed on the following October 1 at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of such Term Bond so purchased by the Successor Agency and surrendered to the Trustee for cancellation in any twelve-month period ending on August 1 in any year shall be credited towards and shall reduce the par amount of the Term Bond otherwise required to be redeemed on the following 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 or such other acceptable means to each of the Owners designated for redemption at their addresses appearing on the bond registration books of the Trustee on the date such Bonds are selected for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under the Indenture, other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed or purchased pursuant to such Indenture shall be canceled by the Trustee.

SECURITY FOR THE BONDS

Special Obligations

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

Tax Increment Financing Generally

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

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

- (i) An amount each year equal to the amount that would have been produced by the then current tax rates applied to the assessed valuation of such property within the project area last equalized prior to the effective date of the ordinance approving the redevelopment plan, plus the portion of the levied taxes in excess of the foregoing amount sufficient to pay debt service on any voter-approved bonded indebtedness of the respective Taxing Agencies incurred for the acquisition or improvement of real property and approved on or after January 1, 1989, is paid into the funds of the respective Taxing Agencies; and
- (ii) That portion of the levied taxes in excess of the amount described in paragraph (i) is deposited into a special fund of the applicable redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness incurred by, such agency to finance or refinance activities in or related to such project area.

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

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

Assembly Bill 1290

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

Redevelopment Property Tax Trust Fund

The Dissolution Act authorizes bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency. In addition to the pledge of Housing Tax Revenues, pursuant to the Indenture, the Bonds are equally secured by the pledge and lien with respect to the Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund; provided, however, that such pledge and lien shall only be with respect to the amounts on deposit in the Redevelopment Property Tax Trust Fund after amounts on deposit therein have been set aside and reserved, in the manner required in the applicable indentures or other relevant documents, to pay (i) debt service on the other bonds of the Former Agency and the Successor Agency, and (ii) amounts due pursuant to tax sharing agreements, owner participation agreements, development agreements and other similar agreements that are senior to the payment of the debt service on the Bonds and the bonds described in (i) above. The Indentures further provide that, for the avoidance of doubt, the Bonds are secured by the pledge and lien created with respect to the Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund to the extent described in the foregoing sentence on a parity basis with all refunding bonds issued by the Successor Agency, unless otherwise specified in connection with the issuance of such refunding bonds.

Allocation of Taxes Subsequent to the Dissolution Act

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

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

Recognized Obligation Payment Schedule

The Dissolution Act requires that, not less than 90 days prior to each January 2 and June 1, successor agencies prepare, and submit to the successor agency's Oversight Board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule" or "ROPS") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

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

Commencing September 22, 2015, successor agencies which received a Finding of Completion and the concurrence of the DOF as to the items that qualify for payment, among other conditions, may at their option, file a "Last and Final" Recognized Obligation Payment Schedule. If approved by the DOF, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the DOF or the Oversight Board. The County Auditor-Controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the DOF and the County Auditor-Controller. The Successor Agency has not submitted a Last and Final Recognized Obligation Payment Schedule, and does not currently have plans to submit a Last and Final Recognized Obligation Payment Schedule. 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 Indentures, the Successor Agency has covenanted to comply with the Redevelopment Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Indentures. Further, it promises to take all actions required under the Dissolution Act to include scheduled debt service on the Bonds, the Parity Bonds and any Parity Debt, all amounts required to be deposited into the Special Fund pursuant to the Indentures as well as any amount required under the Indentures to replenish the Reserve Accounts and amounts required to reimburse the Insurer, in the ROPS for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 all amounts required to be deposited in the Special Fund (pursuant to the Indentures) which amounts will be used to pay debt

service on the Bonds, the Parity Bonds and any Parity Debt and to pay any reimbursement to the Insurer. These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve for the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with the Indenture. The Successor Agency has also covenanted in the Indentures to calculate the amount of Housing Tax Revenues received during each six-month period, as described above, to ensure that Housing Tax Revenues are properly credited to and deposited in the Retirement Fund and the Special Fund, as required by the Indentures.

In 2017, the Successor Agency prepared its ROPS for the succeeding 2017-18 property tax distribution year. The ROPS originally submitted to the Oversight Board for approval included the payments for recognized obligations to be paid in ROPS period 17-18B and the payments for recognized obligations to be paid in ROPS period 18-19A. The covenant in the Indentures states that the Successor Agency will take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of (i) not less than one half of debt service due during each Bond Year on all Outstanding Bonds prior to April 1 of such Bond Year, and (ii) the remainder of debt service due during such Bond Year on all Outstanding Bonds prior to the next succeeding October 1. The ROPS submitted by the Successor Agency did not have at least one half of all debt service due on all outstanding Bonds prior to April 1 in the 17-18B ROPS period. The Agency prepared an amended ROPS, however, the amended ROPS could not be approved by the Oversight Board until September 14, 2017.

The Dissolution Act requires the State Department of Finance to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the ROPS is submitted. Within five business days of the determination by the State Department of Finance, the Successor Agency may request additional review by the State Department of Finance and an opportunity to meet and confer on disputed items, if any. The State Department of Finance will notify the Successor Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the January 2 or June 1 date of property tax distribution, as applicable. The State Department of Finance has on occasion rejected items on the Successor Agency's ROPS for certain obligations the DOF considered to be not documented. However, none of the rejected items related to bond debt service or enforceable obligations related to the repayment of bonds.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of ABX1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's ROPS.

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

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

The Successor Agency cannot guarantee that this process prescribed by the Dissolution Act of administering the tax increment revenues will effectively result in adequate Housing Tax Revenues for the payment of principal and interest on the Bonds when due. See "Recognized Obligation Payment Schedule." See also "PROJECTED COVERAGE ON THE BONDS" for additional information regarding the revenues derived from the Project Areas. The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period to pay the principal of and interest on the Bonds. See "BOND OWNERS' RISKS."

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

Indentures

Under the Indentures, the Bonds shall be secured on a parity with the Parity Bonds and all other Parity Debt issued under the Indentures by a first pledge of and lien on all of the Housing Tax Revenues in the Special Fund and also by all moneys in the 2017 Series B Reserve Subaccount with respect to the 2017 Series B Bonds only, and the 2017 Series A-T Reserve Subaccount, with respect to the Series 2017 Series A-T Bonds only. The Bonds shall be also equally secured by the pledge and lien created pursuant to Section 34177.5(g) of the California Health and Safety Code on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, provided, however, that such pledge and lien shall only be with respect to the amounts on deposit in the Redevelopment Property Tax Trust Fund after amounts on deposit therein have been set aside and reserved, in the manner required in the applicable indentures or other relevant documents, to pay (i) debt service on the other bonds of the Former Agency and the Successor Agency, including bonds issued for the benefit of other project areas of the Former Agency and bonds secured by the amounts required, prior to the Dissolution Act, to be deposited in the former low and moderate income housing fund of the Former Agency and (ii) amounts due pursuant to tax sharing agreements, owner participation agreements, development agreements and other similar agreements that are senior to the payment of the debt service on the Bonds and the bonds described in (i) above. The Indentures provide that, for the avoidance of doubt, the Bonds are secured by the pledge and lien created with respect to the Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund to the extent set forth in the foregoing sentence on a parity basis with all refunding bonds issued by the Successor Agency unless otherwise specified in connection with the issuance of such refunding bonds.

"Housing Tax Revenues" means that portion of Tax Revenues required by Section 33334.3 of the Redevelopment Law to be deposited in the Agency's Low and Moderate Income Housing Fund. Since, pursuant to the Dissolution Act, Housing Tax Revenues are no longer required to be deposited in the Low and Moderate Income Housing Fund, but pursuant to the Dissolution Act are deposited in the Redevelopment Property Tax Trust Fund, Housing Tax Revenues shall include amounts deposited in the Redevelopment Property Tax Trust Fund that, but for the Dissolution Act, would have been deposited in the Low and Moderate Income Housing Fund.

"Tax Revenues" means all taxes pledged and annually allocated within the Plan Limitations, following the closing date, and paid to the Agency with respect to the Project Areas pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws, and as provided in the Redevelopment Plan, and all payments, subventions and reimbursements, if any, to the Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations, but excluding (i) amounts payable by the State to the Agency under and pursuant to Chapter 1.5 of Part 1 of Division 4 of Title 2 (commencing with Section 16110) of the California Government Code, and (ii) amounts payable by the Agency pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are not on a basis subordinate to the payment of the Bonds, the Parity Bonds or to the payment of Parity Debt, as applicable.

"Low and Moderate Income Housing Fund" means the Low and Moderate Income Housing Fund of the Agency, heretofore established by the Former Agency under the Redevelopment Law.

Funds and Accounts

The Indentures establish 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, together with the 2017 Reserve Subaccount therein; and
 - (e) The Redemption Account.
 - 3. The Costs of Issuance Fund (the "Costs of Issuance Fund").

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

Special Fund; Deposit of Housing Tax Revenues. The Indentures each establish special funds known as the "Special Fund," which is held by the Successor Agency. The Successor Agency shall transfer all of the Housing Tax Revenues received in any Bond Year to the Special Fund promptly upon receipt thereof by the Successor Agency, until such time during such Bond Year as the amounts on deposit in the Special Fund (including other amounts, if any, transferred into the Special Fund during such Bond Year) equal the aggregate amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account and the Reserve Account in such Bond Year pursuant to the Indentures and for deposit in such Bond Year into the funds and accounts established with respect to Parity Debt, as may be provided in any Parity Debt Instrument.

All Housing Tax Revenues received by the Successor Agency during any Bond Year in excess of the amount required to be deposited as described in the preceding paragraph shall be released from the pledge, security interest and lien under the Indentures for the security of the Bonds, the Parity bonds and any additional Parity Debt and may be applied by the Successor Agency for any lawful purpose of the Successor Agency or the payment of any rebate amounts due and owing to the United States of America. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds, the Parity Bonds and Parity Debt and the payment in full of all other amounts payable under the Indentures, and under any Parity Debt Instrument, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Debt Service Fund, except as may be provided in the Indentures and in any Parity Debt Instrument.

The Successor Agency acknowledges that, due to the passage of the Dissolution Act, it will need to take certain actions to ensure that it collects sufficient Housing Tax Revenues to make the deposits as and when required to be made into the Special Fund pursuant to the Indentures, and in order to insure the payment of debt service on the Bonds, the Parity Bonds and Parity Debt 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 Indentures and to make the timely payment of debt service on the Bonds, the Parity Bonds and Parity Debt. The Successor Agency further acknowledges that the provisions of the Dissolution Act require that it establish the Retirement Fund, into which all Housing Tax Revenues are required to be deposited. The Successor Agency has heretofore established the Retirement Fund as required by Section 34170.5(a) of the

California Health and Safety Code, and covenants that it shall continue to hold and maintain the Retirement Fund so long as any of the Bonds, the Parity Bonds and Parity Debt are Outstanding. The Successor Agency agrees in the Indentures that it will hold the Special Fund as an account within Retirement Fund and will continue to deposit all Housing Tax Revenues, as and when received, into the Special Fund in order to ensure that all Housing Tax Revenues are available for the payment of debt service on the Bonds, the Parity Bonds and any Parity Debt on a timely basis.

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

- (a) Interest Account. On or before the fourth (4th) Business Day preceding each Interest Payment Date, the Agency shall withdraw from the Special Fund and transfer to the Trustee, for deposit in the Interest Accounts an amount which when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Bonds, the Parity Bonds and Parity Debt on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds, the Parity Bonds and the Parity Debt as it shall become due and payable (including accrued interest on any Bonds, the Parity Bonds and the Parity Debt redeemed prior to maturity pursuant to the Indenture).
- (b) Principal Account. On or before the fourth (4th) Business Day preceding each date on which principal of the Bonds becomes due and payable at maturity, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Serial Bonds and maturing Term Bonds. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Serial Bonds and maturing Term Bonds as it shall become due and payable. For purposes of this provision, Accreted Value and Conversion Value will be deemed to constitute principal.
- on which any Outstanding Term Bonds, including those issued as Parity Debt pursuant to a Supplemental Indenture, are subject to mandatory sinking account redemption, or otherwise for purchases of Term Bonds, the Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed pursuant to mandatory sinking account redemption on such October 1. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Term Bonds as it shall become due and payable upon redemption or the purchase thereof.
- (d) Reserve Account. In the event that the amount on deposit in the Reserve Account at the time of the valuation pursuant to the Indenture becomes less than the Reserve Requirement, the Trustee shall promptly notify the Agency of such fact. Promptly upon receipt of any such notice, the Agency shall transfer to the Trustee an amount of available Housing Tax Revenues sufficient to maintain the Reserve Requirement on deposit in the Reserve Account. Amounts in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account

and the Principal Account, in such order of priority, on any date which the principal of or interest on the Bonds, of the related series, becomes due and payable under the Indentures, in the event of any deficiency at any time in any of such accounts, or at any time for the retirement of all the Bonds, of the related series, then Outstanding. So long as no Event of Default shall have occurred and be continuing, any amount in the Reserve Account in excess of the Reserve Requirement preceding each Interest Payment Date shall be withdrawn from the Reserve Account by the Trustee and deposited in the Interest Account on or before the Interest Payment Date.

The Agency shall have the right at any time to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the tax-exempt Bonds outstanding under the 2004 Indenture to become includable in gross income for purposes of federal income taxation. Upon tender of such items to the Trustee, and upon delivery by the Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Agency free and clear of the lien of the Indentures. The Trustee shall comply with all documentation relating to a Qualified Reserve Account Credit Instrument as shall be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under this subsection (c).

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

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

The Reserve Account may be maintained in the form of one or more separate sub-accounts which are established for the purpose of holding the proceeds of separate issues of Bonds in conformity with applicable provisions of the Tax Code. The Agency shall be responsible for instructing the Trustee to establish such sub-accounts and the Trustee may conclusively rely upon such instructions conforming to the requirements of the Tax Code.

Pursuant to the Eighth Supplement and the 2004 Indenture, the Trustee shall establish, maintain and hold in trust, a separate subaccount within the Reserve Account designated as the "2017 Series B Subaccount." Amounts on deposit in the 2017 Series B Subaccount, together with amounts on deposit in the 2011A-T Reserve Subaccount, shall be available to pay debt service only on the 2017 Series B Bonds and the 2011 A-T Bonds. In the event that the Successor Agency elects to secure additional

Parity Debt with the 2017 Series B Subaccount and the 2011A-T Reserve Subaccount, the Successor Agency shall establish additional subaccounts as needed. Amounts on deposit in the 2017 Series B Subaccount and the 2011A-T Reserve Subaccount are not available to pay debt service on, and are not pledged to the payment of, the 2004 A-T Bonds, the 2014 Bonds, the 2015 Bonds, the 2017A Bonds or the 2017 Series A-T Bonds. As such, the 2017 Series B Bonds are not payable from or secured by any other reserve account or subaccount other than the 2017 Series B Subaccount and the 2011A-T Reserve Subaccount. Additionally, the calculation of the Reserve Requirement has been made on a combined basis for the 2017 Series B Bonds and the 2011 A-T Bonds only, and shall hereafter be made, without regard to the 2004 A-T Bonds, the 2014 Bonds, the 2015 Bonds, the 2017A Bonds and the 2017 Series B Bonds.

Pursuant to the Third Supplement and the 2004 Series A-T Indenture, the Trustee shall establish, maintain and hold in trust, a separate subaccount within the Reserve Account designated as the "2017 Series A-T Subaccount." Amounts on deposit in the 2017 Series A-T Subaccount, together with amounts on deposit in the 2017A Reserve Subaccount, shall be available to pay debt service on the 2017 Series A-T Bonds and the 2017A Bonds. In the event that the Successor Agency elects to secure additional Parity Debt with the 2017 Series A-T Subaccount and the 2017A Subaccount, the Successor Agency shall establish additional subaccounts as needed. Amounts on deposit in the 2017 Series A-T Subaccount and the 2017A Subaccount are not available to pay debt service on, and are not pledged to the payment of, the 2004 A-T Bonds, the 2011A-T Bonds, the 2014 Bonds, the 2015 Bonds or the 2017 Series B Bonds. As such, the 2017 Series A-T Bonds and the 2017A Bonds are not payable from or secured by any other reserve account or subaccount other than the 2017 Series A-T Subaccount and the 2017A Subaccount.

Pursuant to the 2017 Series B Indenture, in the event of a draw on amounts on deposit in the 2017 Series B Subaccount or the 2011A-T Reserve Subaccount to pay debt service on the 2017 Series B Bonds or the 2011 A-T Bonds, such draw shall be replenished from Housing Tax Revenues on a proportionate basis with the draws on other subaccounts within the Reserve Account based on the respective Reserve Requirements with respect to each such subaccount without regard to whether a particular subaccount contained cash or a Qualified Reserve Account Credit Instrument that was drawn upon.

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

Redemption Account. On or before the Business Day preceding any date on which Bonds are subject to redemption, other than mandatory Sinking Account redemption of Term Bonds, the Successor Agency shall transfer to the Redemption Account the amounts required to pay the principal of and premium, if any, on the Bonds, the Parity Bonds and the Parity Debt to be so redeemed on such redemption date to the Trustee. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds, the Parity Bonds and the Parity Debt upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds. Notwithstanding the foregoing, at any time prior to giving notice of redemption of any such Bonds, the Parity Bonds and the Parity Debt, the Trustee may, at the direction of the Successor Agency, apply amounts deposited or otherwise to be deposited in the Redemption Account to the purchase of Bonds, the Parity Bonds and

the Parity Debt at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest on Bonds, the Parity Bonds and the Parity Debt, which is payable from the Interest Account) as shall be directed by the Successor Agency.

The "Reserve Requirement" is defined in the Indenture to mean, with respect to the Bonds, the Parity Bonds or any Parity Debt (including the 2004 A-T Bonds, 2011 A-T Bonds, 2014 Bonds, 2015 Bonds, 2017A Bonds and the Bonds), as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the Bonds, the Parity Bonds or other Parity Debt, as applicable, provided that if the original issue discount of the Bonds, the Parity Bonds or Parity Debt exceeds 2% of such original principal amount, then initially ten percent (10%) of the original principal amount of, less original issue discount on, the Bonds, the Parity Bonds or Parity Debt, but excluding from such calculation any proceeds of Parity Debt deposited in an escrow described in the definitions of Annual Debt Service and Maximum Annual Debt Service, (ii) Maximum Annual Debt Service with respect to the Bonds, the Parity Bonds or Parity Debt, as applicable, or (iii) 125% of average Annual Debt Service on the Bonds, the Parity Bonds or Parity Debt, as applicable; provided further that the Successor Agency may meet all or a portion of the Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Indenture. For purposes of calculating Maximum Annual Debt Service with respect to determining the Reserve Requirement, variable rate Parity Debt shall be deemed to bear interest at the maximum rate permitted by the Parity Debt Instrument. The calculation of the Reserve Requirement may, at the option of the Successor Agency, be made on a combined basis, as provided in the Indenture. The Trustee shall establish separate subaccounts for the proceeds of the 2017 Series B Bonds, the 2017 Series A-T Bonds, and all Parity Debt to enable the Trustee to track the investment of the proceeds of the 2017 Series B Bonds, the 2017 Series A-T Bonds and Parity Debt on an individual basis.

As noted above, the Successor Agency has determined in the Indenture to calculate the Reserve Requirement for the 2017 Series B Bonds and the 2011 A-T Bonds on a combined basis, but separate from all of the other outstanding Parity Bonds of the Agency.

As noted above, the Successor Agency has determined in the Indenture to calculate the Reserve Requirement for the 2017 Series A-T Bonds and the 2017A Bonds on a combined basis, but separate from all of the other outstanding Parity Bonds of the Agency.

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

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

"Qualified Reserve Account Credit Instrument" means an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture, provided that all of the following requirements are met by the Agency at the time of delivery thereof to the Trustee: (a) S&P or Moody's have assigned a long-term credit rating to such bank or insurance company is "AAA" or "Aaa," respectively; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Indenture; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal

Account or the Sinking Account for the purpose of making payments required pursuant to the Indenture; and (e) prior written notice is given to the Insurer before the effective date of any such Qualified Reserve Account Credit Instrument. Notwithstanding the foregoing, in the event of the issuance of Parity Debt (the "Refunding Parity Debt") to refund existing Parity Debt (the "Refunded Parity Debt") that has a Qualified Reserve Account Credit Instrument (the "Existing Qualified Reserve Account Credit Instrument") on deposit in the Reserve Account (or in any subaccount therein) established with respect to such Refunded Parity Debt, any irrevocable standby or direct-pay letter of credit or surety bond proposed to be deposited in the Reserve Account or any subaccount thereof, or into another reserve account, to satisfy the Reserve Requirement with respect to the Refunding Parity Debt issued on or after October 1, 2014, shall only need to be rated no lower than the higher of (i) the current long term ratings assigned by S&P and Moody's to the bank or insurance company that issued Existing Qualified Reserve Account Credit Instrument or (ii) "A" and "A2," respectively, by S&P or Moody's.

With respect to the portions of the Reserve Requirement attributable to the Parity Bonds, the Former Agency previously caused the Trustee to deposit cash or a Qualified Reserve Account Credit Instruments, as follows:

TABLE 1
SUCCESSOR AGENCY FOR THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Housing Bonds Reserve Fund Sources

Outstanding Parity Debt ⁽²⁾	Cash Deposit	Credit Instrument	Stated Amount	Provider
2004 A-T Bonds	-	Surety Policy	\$2,892,984.62	Syncora Guaranty Inc. (1)
2011 A-T Bonds ⁽³⁾	1,409,500.00	, , , <u>-</u>	-	_
2014 Bonds	-	Surety Policy	3,719,834.29	Assured Guaranty
2015 Bonds	-	Surety Policy	\$1,060,562.40	Assured Guaranty
2017 Series A Bonds ⁽⁴⁾	\$1,122,004.50		_	_
Total	\$2,531,504.50		\$7,673,381.31	

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

Source: Successor Agency.

The cash or Qualified Reserve Account Credit Instruments deposited with respect to outstanding Parity Bonds, other than amounts on deposit in the 2011A-T Reserve Subaccount, are not available to pay debt service on the 2017 Series B Bonds. Likewise, the 2017 Series B Subaccount and the 2011A-T Reserve Subaccount are not available to pay debt service on the other Outstanding Parity Bonds. However, as discussed above, funds in the 2017 Series B Subaccount and the 2011A-T Reserve Subaccount may secure any Parity Bonds hereafter issued that the Successor Agency that the Successor Agency elects to be secured by the 2017 Series B Subaccount and the 2011A-T Reserve Subaccount.

The cash or Qualified Reserve Account Credit Instruments deposited with respect to outstanding Parity Bonds, other than amounts on deposit in the 2017A Reserve Subaccount, are not available to pay debt service on the 2017 Series A-T Bonds. Likewise, the 2017 Series A-T Subaccount and the 2017A Reserve Subaccount are not available to pay debt service on the other Outstanding Parity Bonds. However, as discussed above, funds in the 2017 Series A-T Subaccount and the 2017A Reserve Subaccount may secure any Parity Bonds hereafter issued that the Successor Agency that the Successor Agency elects to be secured by the 2017 Series A-T Subaccount and the 2017A Reserve Subaccount.

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

^{(2) 2010}A-T Bonds and 2011A Bonds to be refunded are not included in Table 1.

⁽³⁾ Secures 2017 Series B Bonds.

⁽⁴⁾ Secures 2017 Series A-T Bonds.

Requirement previously satisfied by such Qualified Reserve Account Credit Instrument. Under the Indentures, in the event that the amount on deposit in a Reserve Account is less than the Reserve Requirement, the Agency is required to transfer to the Trustee an amount of available Housing Tax Revenues sufficient to maintain the amount in the Reserve Account at the Reserve Account Requirement. Should the amount of Housing Tax Revenues then available to maintain the Reserve Account at the Reserve Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Indentures, but the requirement of the Agency to transfer available Housing Tax Revenues to the Trustee would continue. No assurance can be given that there would ever be available Housing Tax Revenues sufficient for such purpose.

Rating agencies have downgraded or withdrawn the ratings on the claims-paying ability and financial strength of the provider of one of the Qualified Reserve Account Credit Instruments shown in Table 1 above. Deterioration in the financial condition of the provider of the Qualified Reserve Account Credit Instrument or a failure to honor a draw by this provider under its Qualified Reserve Account Credit Instrument could occur. The Agency is not required under its 2004 Indenture and Eighth Supplement or the Series A-T Indenture and the Third Supplement to replace a Qualified Reserve Account Credit Instrument with cash or a replacement instrument in the event the ratings of its provider decline or are withdrawn. The Agency currently has no plans to replace such Qualified Reserve Account Credit Instrument with other instruments or cash.

Issuance of Additional Agency Parity Debt. The Agency has covenanted to not issue any obligations payable from Housing Tax Revenues on a senior basis to the Bonds. The Indentures provide that the Successor Agency may issue or incur additional Parity Debt subject to the conditions summarized in part below. See APPENDIX D - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" for a more complete description of the conditions precedent to the issuance or incurrence of Parity Debt.

- (a) The Agency shall be in compliance with all covenants set forth in the Indentures and all Parity Debt Instruments.
- (b) The Housing Tax Revenues for each succeeding Fiscal Year based on the most recent assessed valuation of property in the Project Areas as evidenced in written documentation from an appropriate official of the County or a written report of an Independent Redevelopment Consultant plus any Additional Revenues shall be at least equal to one hundred twenty percent (120%) of Annual Debt Service on the Bonds and Parity Debt which will be outstanding immediately following the issuance of such Parity Debt for each applicable succeeding Bond Year. For purposes of the definition of Annual Debt Service and the Indenture, Accreted Value and Conversion Value will be deemed to constitute principal.
- (c) The Successor Agency shall deliver to the Trustee a Certificate of the Successor Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth 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.

Notwithstanding anything contained in the 2004 Indenture, as supplemented, or the 2004A-T Indenture, as supplemented, the Successor Agency shall not issue or incur additional Parity Debt other than Parity Debt issued or incurred solely for the purpose of refunding the Bonds, the Parity Bonds or any Parity Debt.

Issuance of Subordinate Debt. The Successor Agency may issue or incur Subordinate Debt in addition to the Bonds in such principal amount as shall be determined by the Successor Agency. The Successor Agency may issue or incur such Subordinate Debt in an amount which may be determined by the Agency, provided that the issuance or incurrence of such Subordinate Debt shall not cause the Agency to exceed any Plan Limitations (as defined in the Indenture).

Events of Default

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

- (a) Failure to pay any installment of the principal, or Accreted Value, of any Bonds, Parity Bonds or Parity Debt when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.
- (b) Failure to pay any installment of interest on any Bonds, Parity Bonds or Parity Debt when and as the same shall become due and payable.
- (c) Failure by the Successor Agency to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds, Parity Bonds or Parity Debt contained, if such failure shall have continued for a period of sixty (60) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Successor Agency by the Trustee or the Insurer; provided, however, if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such sixty (60) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Successor Agency with the written consent of the Insurer within such sixty (60) day period and the Successor Agency shall thereafter diligently and in good faith cure such failure in a reasonable period of time.
- (d) The Successor Agency shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

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

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE

The Agency and Former Agency

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

AB 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>	Term Expires
Kevin Jeffries	January 2021
John F. Tavaglione	January 2019
Chuck Washington	January 2021
V. Manuel Perez	January 2019
Marion Ashley	January 2019

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

Oversight Board

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

The Oversight Board has fiduciary responsibility to the holders of enforceable obligations and the taxing entities that benefit from the distributions of property tax and other revenue. The Oversight Board will oversee the "winding down" process of the Redevelopment Agency for the County of Riverside and meets on an as-

needed basis throughout the year. For example, the establishment of each ROPS must be first approved by the Oversight Board. The issuance of bonds, such as the Bonds, is subject to the approval of the Oversight Board. All actions of the Oversight Board are subject to review by the California State Department of Finance (the "State Department of Finance" or the "DOF"). Certain Successor Agency matters are also subject to review by the County Auditor-Controller and the State Controller.

The Dissolution Act provides that, starting July 1, 2016, the current Oversight Board will be replaced, such that there will be only one oversight board for all of the successor agencies in the County. The Board will be comprised of seven members to be appointed to represent the different categories of taxing entities, the public and employees of successor agencies.

Department of Finance Finding of Completion

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

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

Because the Successor Agency has made the remittances required by the DOF's final determination concerning the DDRs, as well as certain other amounts previously required to be remitted pursuant to the Dissolution Act, the DOF issued a "Finding of Completion" to the Successor Agency on April 18, 2014. Upon receipt of such Finding of Completion, the Successor Agency is authorized to proceed with actions permitted under certain provisions of the Dissolution Act, such as the submission of a Long Range Property Management Plan relating to the disposition of Agency-owned real properties. The Successor Agency has submitted its Long Range Property Management Plan to DOF. Currently, there are no material disagreements between the Successor Agency and the County Auditor Controller's Office or the State Department of Finance.

State Controller Asset Transfer Review

The Dissolution Act requires that the State Controller conduct a review of the activities of each former redevelopment agency and determine if such redevelopment agency transferred assets to a city, county or other local agency after January 1, 2011. If such an asset transfer did occur and the government agency that received the assets is not contractually committed to a third party for the expenditure or encumbrance of those assets, to the extent not prohibited by state and federal law, the State Controller must order the available assets to be returned to the relevant successor agency.

THE PROJECT AREAS

Redevelopment Plans

Under the Redevelopment Law a city or county that activates its redevelopment agency is permitted to adopt, by ordinance, a redevelopment plan for each redevelopment project area to be undertaken by the redevelopment agency. A redevelopment agency may only undertake those activities within a redevelopment project area specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law, rather than a "plan" in the customary sense of the word.

The Redevelopment Plans for the Project Areas had two principal purposes (i) the removal of blight from the Project Areas and (ii) the provision of low and moderate income housing both within the Project Areas and within any other area of the County of Riverside. In order to accomplish these two purposes the Redevelopment Plans provide for the acquisition of property and the demolition of buildings and improvements, the relocation of any displaced occupants and the construction of streets, parking facilities, utilities and other public improvements. In connection with the provision of low and moderate income housing, the Agency may additionally make housing grants and loans and acquire, rehabilitate and sell residential housing to persons and families of low and moderate income. The Redevelopment Plans also allow for redevelopment of land by private enterprise and participation by owners and tenants of properties in the Project Areas.

There are five Project Areas generating Housing Tax Revenues that secure the Bonds. Each Project Area is comprised of sub-areas ("Sub-Areas") established under separate ordinances and subsequently merged, for fiscal reasons, into a Project Area. Key information on each Sub-Area in the Project Areas is shown in Table 4 below. Additional information about each Project Area is set forth in APPENDIX A "GENERAL INFORMATION ABOUT EACH PROJECT AREA," and in the Fiscal Consultant's Report in APPENDIX B.

Project Area No. 1-1986. The Riverside County Board of Supervisors (the "Board") approved Project Area No. 1-1986 on December 23, 1986, pursuant to Ordinance No. 635. The Project Area is located in the southwestern region of the County and consists of three Sub-Areas, totaling approximately 4,651 acres. The original Project Area contains Sub-Areas in the communities of Home Gardens and Murrieta. The Board approved Amendment No. 1 to the Project Area on July 20, 1999, pursuant to Ordinance No. 793, which included a new Sub-Area in the communities of Lakeland Village and Wildomar. A second amendment to the Project Area was approved on December 14, 1999, pursuant to Ordinance No. 800. This amendment allowed for the creation of another new Sub-Area in the El Cerrito/Temescal Canyon area.

The Jurupa Valley Project Area. The Board adopted the Jurupa Valley Project Area on July 9, 1996, via Ordinance No. 763. The project area formation involved the merger of three existing redevelopment project areas, Project Areas Nos. 2-1986 (Mira Loma), which was amended twice for a total acreage of 3,856 acres; 2-1987 (Glen Avon and Rubidoux) at 635 acres; and 2-1989 (Pedley and Rubidoux), at a total of 1,354 acres. The Amendment and Merger which took place in 1996 included an addition of 10,750 acres of territory (the "Amendment Area") to the merged project areas. The Jurupa Valley Project Area is a single contiguous project area and is located in the northwest region of the County. The total acreage for the project area is 16,600 acres.

The Mid-County Project Area. The Mid-County Project Area originally consisted of three project areas: Project Area Nos. 3 (3-1986), 3-1987, and 3-1989. Project Area 3-1986 includes area in the communities of Garnet, Valle Vista, West Garnet, Homeland and Winchester; Project Area 3-1987 includes portions of the community of North Hemet; and Project Area 3-1989 includes area within the community of Cabazon. The Board approved the original boundaries of the Project Area No. 3-1986 on December 23, 1986 via Ordinance No. 637; Project Area 3-1987 on December 22, 1987 via Ordinance No. 646; and, Project Area No. 3-1989 on July 11, 1989 via Ordinance No. 676.

In 1999, the project areas were merged and amended, adding approximately 1,307 acres to the Homeland Sub-Area (renamed Homeland/Green Acres). Both the amendment and merger were approved in May 1999, via Ordinances Nos. 785 and 786, respectively. On January 13, 2009, Amendment No. 2 to the Mid-County Project Area was adopted via Ordinance No. 887 and added 2,693 acres in the Garnet and West Garnet communities to the Sub-Area. The current Mid-County Project Area is composed of approximately 9,721 acres.

The Desert Communities Project Area. The Desert Communities Project Area originally contained two separate project areas known as Project Area Nos. 4 (also known as 4-1986 and 4-1987). The Riverside County Board of Supervisors (the "Board") approved the original boundaries of Project Area No. 4 on December 23, 1986 via Ordinance No. 638. Project Area 4-1986 consists of 20,440 acres of territory within the communities of East Blythe, Mecca, North Shore, Palm Desert, Ripley, Thermal (including the airport), and Thousand Palms. Project Area No. 4-1987 was approved by the Board on December 1, 1987 via Ordinance No. 647, and consists of 376 acres in Desert Center. The Airports-1988 project area was approved by the Board on December 19, 1988, via Ordinance No. 668 and consists of six general aviation airports. On July 20, 1999, the Board approved the merger of both project areas with the Airports-1988 project area.

At the time of the merger, the Board approved the amendment of Project Area 4-1986, to add approximately 408 acres of territory within the community of Thousand Palms.

The amendment and merger were approved via Ordinances Nos. 794 and 795, respectively. On January 13, 2009, Amendment No. 2 to the Desert Communities Project Area was adopted via Ordinance No. 886, and added 1,975 acres in the 100 Palms, Oasis, Mecca and North Shore communities to the Desert Communities Project Area. The Desert Communities Project Area consists of six Sub-Areas, encompassing approximately 29,668 acres.

The Interstate 215 Corridor Project Area. The Interstate 215 Corridor Project Area was originally comprised of two project areas: Project Areas Nos. 5-1986 and 5-1987. The Board approved Project Area No. 5 on December 23, 1986 via Ordinance No. 639, and it included four Sub-Areas: Calimesa, Highgrove, Lakeview, Mead Valley and Romoland, for a total of 3.429 acres. In November of 1998, the Board approved an amendment to the project area to include an additional 843 acres of territory in the Highgrove Sub-Area. Project Area No. 5-1987 consisted of one Sub-Area of 141 acres in the community of Mead Valley and was approved by the Board on December 1, 1987 via Ordinance No. 648. The project area was amended to include an additional 715 acres of territory on June 27, 1989 via Ordinance No. 715.

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

In 2006, Amendment No. 1a and Amendment No. 1b were adopted into the Interstate 215 Corridor Project Area. Amendment No. 1a was adopted on May 16, 2006, and added approximately 2,820 acres of territory in the communities of Lakeview/Nuevo to the Interstate 215 Corridor Project Area. Amendment No. 1b was adopted on May 2, 2006, and added 3,289 acres of additional territory in the communities of Sun City/Quail Valley into the Interstate 215 Corridor Project Area.

On May 4, 2010, Amendment No. 2, called the Highway 74 Communities Sub-Area, was adopted into the Interstate 215 Corridor Project Area. The amendment added approximately 5,865 acres to the Interstate 215 Corridor Project Area; located within the communities of South Mead Valley, Wagon Wheel, Good Hope, Meadowbrook and Warm Springs. The total acreage for the Interstate Corridor Project Area is 21,695 acres.

Redevelopment Plan Limitations

In 1993, the California Legislature made significant changes in the Redevelopment Law by the adoption of AB 1290, Chapter 942, statutes of 1993 "AB 1290"). Among the changes to the Redevelopment Law accomplished by the enactment of AB 1290 was a provision which limits the period of time for incurring and repaying loans, advances and indebtedness which are payable from tax increment revenues. In general and subject to shorter limitations which may be contained in a redevelopment plan, loans, advances and indebtedness may be incurred within the later of January 1, 2004 or 20 years from the date of original adoption of the redevelopment plan, a redevelopment plan must terminate not later than January 1, 2009 or 40 years following the date of original adoption of the redevelopment plan, and loans, advances and indebtedness must be repaid during a period extending not more than 10 years following the date of termination of the redevelopment plan. AB 1290 further required that any redevelopment plan that either did not contain the appropriate limitations or that contained limitations longer than permitted by AB 1290 must be amended by the applicable legislative body.

In addition, the Sub-Areas added to the Project Areas after January 1, 1994 are subject to the special requirements of AB1290, which replaced tax increment caps and negotiated fiscal agreements with finite plan durations and statutory payments to taxing entities, among other requirements. All of the Redevelopment Plans were subsequently brought into conformance with plan duration and other provisions of AB1290. The California Legislature enacted Senate Bill 1045, Chapter 260, Statutes 2003, effective September 1, 2003 ("SB 1045") and Senate Bill 1096, Chapter 211, Statutes of 2004 ("SB 1096"). SB 1045 and SB 1096 provide, among other things, that the Redevelopment Plans for the Project Areas may be amended to add up to three years on to the effectiveness of the Redevelopment Plans and on to the period for collection of tax increment revenues and the repayment of debt. Pursuant to the authorization contained in SB 1045, the Board of Supervisors adopted Ordinance No. 835 on November 30, 2004, (effective December 30, 2004) extending by one year the date of effectiveness of the Redevelopment Plans and the allowed time to pay indebtedness or receive property taxes. The following table takes into account the effect of Ordinance No. 835. The Redevelopment Plans of the Agency were adopted too recently to be able to take advantage of the extensions permitted by SB 1096.

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

Volatility Ratio

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

The Fiscal Consultant has determined the Volatility Ratio for each of the Project Area Sub-Areas. See Table 1 in APPENDIX B - "REPORT OF FISCAL CONSULTANT."

TABLE 2
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE SUMMARY OF PROJECT AREAS AND CONSTITUENT SUB-AREAS

		:		Sub-Area Tax	
Project Area/Sub-Area	Date of Adoption	Ordinance Number	Acreage	Increment As Percent 01 Total Tax Increment	votatility Ratio ⁽¹⁾
Project Area No. 1					
Home Gardens, Murrieta	12/23/86	635	350	2%	0.12%
Lakeland	7/20/99	793	2,859	4	0.42
El Cerrito/Temescal	12/14/99	800	1,442	4	0.18
DCPA					
East Blythe, Mecca, North Shore ⁽³⁾ , Palm Desert Country Club, Ripley, Thermal	12/23/86	638	20,155	20%	0.05
Thousand Palms	12/23/86	638	285		0.11
Thousand Palms Amendment	7/20/99	794	408	-	0.29
Desert Center	12/22/87	647	376	0	0.48
	12/19/88	899	998'9	1	0.15
Amendment 2 (100 Palms, Oasis, Mecca)	1/13/09	988	2,078	0	(NA)
Lake View, Mead Valley, Romoland 3, Romoland 5	12/23/86	639	3,154	3%	0.17
Highgrove	12/23/86	639	275		0.22
Highgrove Amendment 1	11/24/98	783	843	S	0.18
Romoland 2003 Annex	7/16/02	822	1,392	2	0.20
Mead Valley 1987	12/15/87	648	141	0	0.12
Mead Valley 1990 Annex	68/5//	229	715	2	0.03
Mead Valley 2003 Annex	7/16/02	821	5,200		0.42
Lakeview/Nuevo	5/16/06	854	2,821		0.77
Sun City/Quail Valley	2/2/06	855	3,289		0.73
Highway 74	5/4/10	968	5,865	1	0.85
JVPA					
Mira Loma: Glen Avon, Pedley	12/23/86	989	1,955	4%	0.04
Mira Loma Amendment I	12/18/88	299	368	1	0.21
Mira Loma Amendment 2	12/19/89	989	1,533	4	80.0
Glen Avon, Rubidoux 1	12/22/87	645	635	_	0.27
Pedley, Rubidoux 2	2//5/89	675	1,354	4	0.13
Jurupa Valley Amendment MCPA	96/6/L	762/763	10,755	26	0.22
Garnet, Valle Vista, West Garnet, Winchester	12/23/86	637	086	1%	0.19
Homeland	12/23/86	637	122	0	0.30
Homeland/Green Acres	5/11/99	785	1,307		0.31
North Hemet	12/22/87	646	40	0	0.19
Cabazon	7/11/89	929	4,598	33	0.05
Amendment 2 (Garnet, West Garnet)	1/13/09	887	2,693	3	0.55
			82,334	100%	0.74%

The volatility ratio is calculated by dividing the base year assessed valuation by the current year assessed valuation. The volatility ratio for all Project Areas is 0.24%. Source: The Agency, Urban Analytics.

Appeals of Assessed Valuation

Proposition 8 Appeals. Most of the appeals that might be filed in the Project Areas would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that current market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

The Assessor annually reports on the number of assessments by city and unincorporated area subject to Proposition 8 reductions, and the amount of Proposition 8 reductions. The Assessor reports 63,866 properties reduced through Proposition 8 in Fiscal Year 2017-18 countywide with \$6.3 billion in reduced valuation. This compares to 71,782 properties and \$7.6 billion in Proposition 8 reductions in Fiscal Year 2016-17 and 79,150 properties and \$7.7 billion in Proposition 8 reductions in Fiscal Year 2015-16. While these figures include properties outside of the Project Areas, they indicate that Proposition 8 reductions have decreased substantially on a countywide basis between Fiscal Year 2015-16 and Fiscal Year 2017-18. The assessor does not indicate on the rolls which parcels are subject to Proposition 8.

Base Year Appeals. A second type of assessment appeal is called a Base Year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

To provide some indication of the proportion of valuation upheld on appeal, Table 3 provides information on resolved appeals filed in previous years in the Project Areas. Overall, the 6,599 appeals settled in the Project Areas during the Fiscal Year 2007-08 to Fiscal Year 2016-17 period resulted in reductions in valuation of \$248.0 million out of \$8.4 billion in enrolled valuation subject to appeals, or around 3.0%. 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 \$1.1 billion in total valuation for parcels with appeals pending indicates a potential valuation reduction of \$33.9 million or approximately \$339,000 in tax revenue. If the full amount of disputed valuation were granted, the reduction in valuation would be \$498.2 million or approximately \$5.0 million in tax revenue. As noted below under "Tax Increment Projection," no assumptions are made regarding any potential appeal-related adjustments to Project Areas valuation.

For more specific information about pending and settled appeals in the Project Areas, see APPENDIX B - "REPORT OF FISCAL CONSULTANT – Assessment Appeals."

TABLE 3 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE All Project Areas Assessment Appeals Activity

Roll Year	Status	Number of <u>Appeals⁽¹⁾</u>	County Valuation ⁽²⁾	Applicant Opinion of Value	Valuation After <u>Appeal</u>	Retention Rate ⁽³⁾
2016-17	Resolved	71	\$ 48,364,165	\$ 33,106,148	\$ 48,364,165	100%
2016-17	Pending	226	739,432,370	456,474,307	TBD	TBD
2015-16	Resolved	255	606,094,313	374,225,361	601,606,769	99%
2015-16	Pending	53	212,389,575	95,160,150	TBD	TBD
2014-15	Resolved	361	1,107,907,510	701,638,703	1,097,845,391	99%
2014-15	Pending	14	73,578,506	41,053,538	TBD	TBD
2013-14	Resolved	422	1,176,345,168	758,401,583	1,159,940,241	99%
2013-14	Pending	11	6,540,886	2,863,527	TBD	TBD
2012-13	Resolved	614	1,531,313,805	949,984,259	1,476,987,191	96%
2012-13	Pending	9	99,165,544	41,860,000	TBD	TBD
2011-12	Resolved	607	1,041,184,905	583,584,113	998,592,961	96%
2011-12	Pending	3	3,860,815	840,000	TBD	TBD
2010-11	Resolved	819	913,464,485	476,127,003	867,292,960	95%
2010-11	Pending	3	2,756,595	1,240,000	TBD	TBD
2009-10	Resolved	1,665	1,056,597,132	550,461,095	1,003,137,590	95%
2009-10	Pending	-		-	-	-
2008-09	Resolved	1,341	705,804,250	423,192,187	690,007,186	98%
2008-09	Pending	-		-	-	-
2007-08	Resolved	444	159,952,539	99,952,893	154,853,582	97%
2007-08	Pending	<u> </u>	eq.	-	-	-
All Years	Resolved	6,599	\$8,347,028,272	\$4,950,673,345	\$8,098,628,036	97%
All Years	Pending	319	\$1,137,724,29)	\$ 639,491,522	TBD	TBD

⁽¹⁾ Data is current as of September 26, 2017.

Source: Riverside County Assessor; Urban Analytics.

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

⁽³⁾ Expressed in percentage. Retention Rate is the proportion of value retained after resolution of an appeal. The rate is calculated by dividing the "Valuation After Appeal" into the "County Valuation." For withdrawn and denied appeals, the "Valuation After Appeal" is the original County valuation.

TABLE 4 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE All Project Areas⁽¹⁾⁽²⁾ Summary of Large Appeals

Roll			County	Applicant	Valuation
<u>Year</u>	Owner Name	<u>Status</u>	Valuation	Opinion of Value	After Appeal
2016-17	1001 COLUMBIA PT	1 Pending	\$ 97,085,223	\$ 70,000,000	\$ 97,085,223
2016-17	CASTLE & COOKE CORONA CROSSINGS	1 Pending	17,566,500	13,670,000	17,566,500
2016-17	COSTCO WHOLESALE CORP	10 Pending	65,000,000	48,050,000	65,000,000
2015-16	COSTCO WHOLESALE CORP	13 Resolved	131,219,953	96,100,000	131,219,953
2014-15	CASTLE & COOKE CORONA CROSSINGS	1 Resolved	2,122,566	1,050,000	2,122,566
2014-15	COSTCO WHOLESALE CORP	13 Resolved	133,278,999	88,499,998	133,278,999
2014-15	LESSO MALL DEV JURUPA VALLEY LTD	3 Resolved	27,798,000	15,665,000	27,798,000
2013-14	CASTLE & COOKE CORONA CROSSINGS	2 Resolved	21,514,282	15,252,500	21,514,282
2013-14	COSTCO WHOLESALE CORP	13 Resolved	133,130,902	87,647,735	133,130,902
2012-13	AMB INSTITUTIONAL ALLIANCE FUND III	1 Resolved	39,000,000	31,000,000	39,000,000
2012-13	CASTLE & COOKE CORONA CROSSINGS	2 Resolved	21,092,435	14,136,000	18,801,545
2012-13	COSTCO WHOLESALE CORP	19 Resolved	172,178,995	117,879,002	172,178,995

Appeals filed on properties owned by the ten largest owners for 2016-17. Data is current as of September 26, 2017.

Source: Riverside County Assessor.

Property Taxes and Inflation Rates

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

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

Each year the Board announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. 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.

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

Historical Inflation Adjustment Factors

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

Source: State of California Board of Equalization.

Supplemental Assessment Revenues

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

Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Assessment Revenues by taxing entities typically follows the change of ownership by a year or more. The 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.

Land Use in the Project Areas

A large percentage of land in all Project Areas (in terms of assessed valuation) is used for residential purposes. The following table shows the land use in the Project Areas, based on 2017-18 assessed valuation.

TABLE 5 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE All Project Areas Land Use Fiscal Year 2017-18⁽¹⁾

			Number of			
Land Use	Secured AV(1)	Pct of AV	Parcels(2)	Pct of Parcels	Acres(3)	Pct of Acres
Secured						
Agricultural	\$ 210,130,940	1.4%	437	0.7%	5,689	7.9%
Commercial	1,844,131,456	11.9	1,755	2.9	3,237	4.5
Industrial	3,234,545,725	20.9	722	1.2	2,309	3.2
Single-Family Residential	5,554,584,882	35.8	24,834	41.0	5,232	7.3
Condominiums	171,624,104	1.1	773	1.3	22	0.0
Other Residential	1,396,407,808	9.0	11,987	19.8	14,693	20.5
Vacant	1,321,260,452	8.5	16,279	26.9	14,212	19.8
Other	79,272,741	0.5	741	1.2	26,325	36.7
Utility	707,575,761	4.6	38	5.0	N/A	N/A
Unsecured	979,441,041	6.3	3,038	0.1	N/A	N/A
Total	\$15,498,974,911	100.0%	60,604	100.0%	71,718	100.0%

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

Historic Assessed Valuation

Based on assessment roll data provided by the County Assessor and State Board of Equalization, the total assessed valuation in the Project Areas is approximately \$15.5 billion in 2017-18. The annual assessed valuation figures shown in the table below exclude valuation for sub-areas that did not generate tax increment in a given year; as these areas vary from year to year, a total for all areas is included to allow for year-over-year comparisons. Including these non-tax increment generating sub-areas, the year-over-year increase for fiscal year 2017-18 was 5.75%, for fiscal year 2016-17 of 7.17%, which follows increases of 3.86% in fiscal year 2015-16 and 5.18% in fiscal year 2014-15.

The secured roll accounted for 89.1% of the total valuation of increment producing sub-areas in the Project Areas in 2016-17, with the unsecured comprising 6.3% and the non-unitary utility roll valuation accounting for 4.6%. The table below shows a ten year history of assessed valuation in the Project Areas. See APPENDIX A - "GENERAL INFORMATION ABOUT EACH PROJECT AREA" for historic valuations for each of the Project Areas.

Table excludes the following sub-areas that did not generate tax increment in Fiscal Year 2017-18: DCPA (North Shore), DCPA Amend 2 (100 Palms/Oasis).

⁽³⁾ Acreage is estimated using tax roll data and information provided by the Agency. Source: County Assessor, Urban Analytics.

REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE SUCCESSOR AGENCY TO THE TABLE 6

Historic Assessed Valuation, Tax Increment Collected All Project Areas

44
\$ 4,164,610,667 \$ 4,6 7,061,884,662 7,7 64,424,763 (279,891,599) (30
\$
€9
94,142,907 \$ 3,863,848,134 20,359,999 6,184,398,238 78,072,186 69,980,399 44,926,858) (246,279,891)
\$ 3,8 6,2 (25 \$ 9,9
4 6,557,879,656 4 6,557,879,656 9 79,177,222 (243,364,999) 5 \$10,647,355,186
\$ 4,595,829,225 6,764,167,624 72,939,379 (231,923,443) S 11,201,012,785

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

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

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

Source: County Assessor, Urban Analytics.

Largest Taxpayers in the Project Areas

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

Two large energy facilities account for approximately 6.0% of the total assessed valuation in the Project Areas; both are assessed by the State Board of Equalization rather than the county assessor. CPV Sentinel is an 800-megawatt electric generating facility capable of operating on both gas and liquid fuels. The plant uses General Electric LMS100 turbines that are able to produce full power from a "cold start" within 10 minutes. This project has a 10 year Power Purchase Agreement with Southern California Edison to provide "peaking power" during periods of high demand. It is located in the Amendment 2 sub-area of the Mid-County Project Area. Owned by Competitive Power Ventures, GE Energy Financial Services and Diamond Generating Corp., the facility was initially assessed at \$28.8 million in Fiscal Year 2012-13, increasing to \$682.5 million in Fiscal Year 2013-14, \$762.1 million in Fiscal Year 2014-15, decreasing to \$558.0 million in Fiscal Year 2015-16 and increasing to \$643.3 million in Fiscal Year 2016-17 before decreasing to \$595.1 million in Fiscal Year 2017-18. The State Board of Equalization has not provided explanations for any increases or decreases in assessed value for the CPV Sentinel facility.

The second energy facility, the Inland Empire Energy Center, is an 800-megawatt power plant located on 46 acres in the Romoland 2003 Annex sub-area of the I-215 Project Area. The power plant, owned by General Electric and operated by Calpine Corporation, was licensed by the California Energy Commission in 2005. Inland Empire Energy is a combined cycle gas turbine power plant that uses combustion turbine-generators with heat recovery steam generators. The combined cycle plants are designed to provide steady base load power as opposed to being used to intermittently as is the case with "peaker" plants. Unit 1 of the plant's two 400-megawatt units came online in 2008 while the second unit's startup was delayed for unspecified repairs; both units were taken offline for further repairs in April 2011. The property was valued at \$105.8 million in Fiscal Year 2017-18, which is less than half the value at \$253.0 million in Fiscal Year 2016-17. Fiscal Year 2014-15 value was \$346.6 million. Valuation on this property increased from \$459 million in Fiscal Year 2010-11 as the assessment was adjusted upon construction completion, increasing to \$709 million in Fiscal Year 2011-12 then decreasing to \$577.5 million in Fiscal Year 2012-13, \$440.2 million in Fiscal Year 2013-14, \$346.6 million in Fiscal Year 2014-15 and \$295.0 million in fiscal year 2015-16. The reasons for the increases or decreases have not been reported either by the plant operator or by the State Board of Equalization.

The Chelsea GCA Realty Partnership is the owner of a regional shopping center in the 1989 Annex subarea of the Mid-County Project Area. The Castle & Cooke property is the Crossings at Corona regional retail center near Interstate 15 in the Corona area of the I-215 Project Area.

Both Teachers Insurance Annuity Association and AMB Institutional Alliance Fund own several industrial properties in the Jurupa Valley Amendment sub-area of the Jurupa Valley Project Area; Costco Wholesale Corp also operates a retail facility in that sub-area. Cole ID Riverside has an industrial storage facility in the Highgrove sub-area of the I-215 Project Area. Eastvale Gateway is a regional shopping center in the Jurupa Valley Amendment sub-area of the Jurupa Valley Project Area. UPS Supply Chain Solutions owns an industrial facility also in that sub-area.

The top ten taxpayers, shown below, represent approximately 12% of the total incremental value of all Project Areas combined.

TABLE 7
SUCCESSOR AGENCY TO THE
SUCCESSOR AGENCY TO THE
All Project Areas
Largest Property Tax Payers – 2017-18⁽¹⁾

Sub-Area	MCPA (Amendment No. 2)	MCPA (1989 Annex)	PA1 (El Cerrito/Temescal)	JVPA (1996 Amendment)	JVPA (1996 Amendment)	JVPA (1996 Amendment)	I-215 (Highgrove Amend. 1)	I-215 (Romoland 2003 Annex)	JVPA (1996 Amendment)	JVPA (1996 Amendment)				
Pct of Incremental Valuation	5.0%	2.0	1.5	1.4	1.2	1.1	6.0	6.0	8.0	8.0	15.7%	21.0%	37.2%	
Pct of Total Assessed <u>V</u> alue	3.8%	1.5	1.2	1.1	6.0	6.0	0.7	0.7	9.0	9.0	12.0%	16.0%	28.4%	100.0%
Total	\$ 595,100,000	236,115,094	180,758,538	167,943,389	139,732,982	136,000,000	107,100,000	105,800,000	93,731,142	91,723,775	\$ 1,854,004,920	\$ 2,479,728,209	\$ 4,398,498,282	\$15,498,974,911
Unsecured	1	1	ŀ	\$ 606,720	,	•			•		\$ 91,318	\$ 2,952,282	\$252,779,827	\$906,630,797
Secured and Utility	\$ 595,100,000	236,115,094	180,758,538	167,336,669	139,732,982	136,000,000	107,100,000	105,800,000	93,731,142	91,723,775	\$ 1,853,398,200	\$ 2,478,470,802	\$ 4,114,300,048	\$14,519,533,870
Property Owner	CPV SENTINEL, LLC	CHELSEA GCA REALTY PARTNERSHIP	CASTLE & COOKE CORONA CROSSINGS ⁽²⁾	COSTCO WHOLESALE CORP(2)	TEACHERS INSURANCE ANNUITY ASSN	AMB INSTITUTIONAL ALLIANCE FUND III ⁽²⁾	1001 COLUMBIA PT	INLAND EMPIRE ENERGY CENTER, LLC	UPS SUPPLY CHAIN SOLUTIONS GEN SERV INC	EASTVALE GATEWAY	Total, Top Ten:	Total, Top Twenty:	Total, Top Hundred:	Totals for the Area:

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

Has one or more appeals pending on assessed valuation, see "- Assessed Valuation Appeals."

Source: County Assessor, Urban Analytics.

Successor Agency Indebtedness

In addition to the Bonds, the Agency currently has the following outstanding indebtedness (see APPENDIX C - "SUCCESSOR AGENCY AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED June 30, 2017" hereto for additional information relating to the payment of indebtedness of Agency).

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

TABLE 8 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE Summary of Outstanding Housing Parity Debt (As of October 2, 2017)

	Balance
Bonds:	October 2, 2017
2004 A-T Bonds	\$ 20,970,000
2010A-T Bonds ⁽¹⁾	44,225,000
2011 Bonds ⁽¹⁾⁽²⁾	14,093,028
2011 A-T Bonds	5,875,000
2014 Bonds	36,465,000
2015 Bonds	12,490,000
2017A Bonds	17,960,000
Total	\$152,078,028

⁽¹⁾ To be refunded.

Source: County of Riverside.

Property Taxes; Teeter Plan

The County utilized a mechanism for the distribution of tax increment revenue to the former redevelopment agencies that has a similar effect on the Agency's tax increment revenues as the device known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the county to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's Redevelopment Property Tax Trust Fund on January 2 and the other one-half on June 1; delinquencies are not deducted from the Redevelopment Property Tax Trust Fund revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to Redevelopment Property Tax Trust Fund revenue. Consequently, the Agency is not affected by delinquent tax payments. However, the County Auditor-Controller's office has indicated that the County may cease to use this mechanism at some future date. There is no indication of when or whether this change may occur or if another tax increment distribution mechanism would replace it. See APPENDIX B "REPORT OF FISCAL CONSULTANT," for a discussion of delinquency rates in the Project Areas.

Financial Statements

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

^{\$6,580,000} issued as Current Interest Bonds. \$7,513,027.60 issued as Convertible Capital Appreciation Bonds with a final Accreted Value at maturity of \$17,965,000.

Statement. Accordingly, the auditor has not performed any post audit review of the financial conditions and operations of the Successor Agency.

Residual Tax Revenue

There are 5 total active redevelopment project areas administered by the Successor Agency. Pursuant to Section 34177.5(g) of the Dissolution Act, bonds issued by a successor agency, including the Successor Agency, are secured by a pledge and lien on all moneys deposited from time to time in the Redevelopment Property Tax Trust Fund ("RPTTF"). See "SECURITY FOR THE BONDS – Agency Indenture," herein. Such pledge and lien is subordinate to any existing pledges or liens on such tax revenues. Accordingly, tax revenue generated from property located in all of the Project Areas administered by the Successor Agency, subject to existing liens and priority claims, is available to pay debt service on the Bonds, if available pursuant to paragraph (2) of subdivision (a) of Section 34183 and Section 34177.5(g) of the Dissolution Act. Additionally, all of the Successor Agency's bonds issued after 2014 have the pledge of residual RPTTF funds, and future tax allocation bonds of the Successor Agency are expected to be secured, in part, by the residual amounts remaining in the RPTTF. This pledge of residual amounts in the RPTTF is only available after the payment of all senior enforceable obligations, and will continue to be spread among the five project areas of the Successor Agency as existing tax allocation bonds of the Successor Agency are refinanced.

The total principal amount of bonds outstanding of the Successor Agency was \$517,437,721 for non-housing bonds and \$152,078,028 for housing bonds as of October 2, 2017, without taking into account the refunding of the 2010A-T Bonds or the 2011A Bonds. The total annual amount of tax increment for all project areas in 2017-18 is \$118,892,431 and payments on all obligations of the Successor Agency, not including pass-through and administrative costs, were \$54,362,336 with a residual balance of \$30,323,678.

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

TABLE 9 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE All Redevelopment Project Area Historical Residual RPTTF Revenues⁽¹⁾

						Debt Service		
		Property Tax	County		Available for	and Non-		Excess
Fiscal		Deposits	Administrative	Passthrough	Enforceable	Administrative	Administrative	RPTTF
<u>Year</u>	ROPS Filed	(RPTTF)	Distributions	Distributions	Obligations	Obligations	Obligations	Revenue
2011-12	ROPS I and II	\$ 90,463,742	\$1,138,494	\$21,804,232	\$67,521,016	\$67,521,016	\$ -	\$ -
2012-13	ROPS III and 13-14A	90,395,395	1,238,003	23,104,432	66,052,960	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	116,177,983	1,409,304	28,496,459	86,272,220	54,362,336	1,586,206	30,323,678

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 and later are offset by matching Passthrough Distributions. Passthrough Distributions include subordinated passthrough payments. FY 2016-17 includes actuals for ROPS 16-17B and estimates for 17-18A.

Source: Riverside County Auditor-Controller.

See the Fiscal Consultant's Report attached as Appendix B to this Official Statement for additional information related to all of the Successor Agency's active project areas, including a description of the concentration of ownership across all such project areas. As the Successor Agency continues to wind down its affairs pursuant to the Dissolution Act, residual RPTTF revenues are expected to increase as enforceable obligations are retired. This may be offset to some extent by the Project Areas reaching their respective plan limits affecting the Successor Agency's eligibility to receive tax revenues from such project areas.

PROJECTED COVERAGE ON THE BONDS

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

Net tax increment is calculated by adding in an estimate of tax revenues and unitary revenue only, based on prior-year amounts, and deducting estimates of the County's property tax administration fee. Revenue from supplemental assessments is not included in this total as it is a highly variable revenue source and not subject to precise calculation. Two sub areas of the Desert Communities Project Area are excluded for purposes of the projections, as they did not produce tax increment.

The projection incorporates the Proposition 13 adjustment of 2% for fiscal year 2017-18 and each fiscal year thereafter. The projection does not take into consideration any changes in assessed valuation due to new construction, property sales, Proposition 8 reductions, assessment appeals or other factors. The actual growth rate may be less than the projected rate in the Project Areas. Secured personal property and unsecured valuations are assumed to remain constant throughout.

Tax increment and Housing Tax Revenues may increase or decrease at rates that differ from those shown. See APPENDIX A - "GENERAL INFORMATION ABOUT EACH PROJECT AREA" for information about each Project Area and APPENDIX B "REPORT OF FISCAL CONSULTANT — Tax Increment Projections."

TABLE 10
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Project Areas
Projected Tax Revenues⁽¹⁾

	1 1007	Jurupa		Desert		PD 1
1721	1-1986	Valley	Mid-County	Communities	I-215	Total
Fiscal	Tax	Tax	Tax	Tax	Tax	Tax
<u>Year</u> 2017-18	Revenues	Revenues	Revenues	Revenues	Revenues	Revenues
	\$11,148,105	\$49,000,422	\$10,987,184	\$27,270,463	\$20,486,258	\$118,892,431
2018-19	11,439,611	50,098,804	11,306,139	27,838,472	21,119,573	121,802,598
2019-20	11,736,947	51,219,153	11,631,473	28,417,841	21,765,554	124,770,968
2020-21	12,040,229	52,361,909	11,963,314	29,008,798	22,424,455	127,798,705
2021-22	12,349,578	53,527,520	12,301,792	29,611,573	23,096,534	130,886,997
2022-23	12,665,113	54,716,444	12,647,039	30,226,404	23,782,055	134,037,054
2023-24	12,986,959	55,929,146	12,999,191	30,853,532	24,481,286	137,250,113
2024-25	13,315,242	57,166,102	13,358,386	31,493,202	25,194,502	140,527,433
2025-26	13,650,090	58,427,797	13,724,766	32,145,665	25,921,982	143,870,300
2026-27	13,991,636	59,714,726	14,098,472	32,811,178	26,664,011	147,280,024
2027-28	14,340,012	61,027,394	14,479,653	33,490,001	27,420,881	150,757,942
2028-29	14,695,356	62,366,315	14,868,458	34,182,401	28,192,889	154,305,419
2029-30	15,057,807	63,732,014	15,265,038	34,888,648	28,980,337	157,923,845
2030-31	15,427,507	65,125,028	15,669,551	35,609,021	29,783,533	161,614,640
2031-32	15,804,601	66,545,901	16,082,153	36,343,801	30,602,794	165,379,250
2032-33	16,189,237	67,995,192	16,503,008	37,093,276	31,438,440	169,219,153
2033-34	16,581,565	69,473,469	16,932,279	37,857,741	32,290,799	173,135,854
2034-35	16,981,740	70,981,312	17,370,136	38,637,496	33,160,204	177,130,889
2035-36	17,389,919	72,519,311	17,816,750	39,432,845	34,046,998	181,205,824
2036-37	17,806,261	74,088,071	18,272,297	40,244,102	34,951,528	185,362,259
2037-38	18,230,930	75,688,205	18,736,954	41,071,583	35,874,149	189,601,822
2038-39	18,664,092	77,320,342	19,210,905	41,915,614	36,815,222	193,926,176
2039-40	19,105,918	78,985,122	19,694,334	42,776,526	37,775,116	198,337,017
2040-41	19,556,580	80,683,198	20,187,433	43,654,656	38,754,208	202,836,075
2041-42	20,016,255	82,415,235	20,690,393	44,550,349	39,752,883	207,425,115
2042-43	20,485,124	, -,	21,203,412	45,463,956	40,771,530	127,924,022

See prior page for assumptions for projection of Tax Revenues. Source: Urban Analytics; The Agency.

TABLE 11
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Project Areas
Projected Housing Tax Revenues

		Jurupa	Desert					
	1-1986	Valley	Mid-County	Communities	I-215	Total		
Fiscal	Housing Tax	Housing Tax	Housing Tax	Housing Tax	Housing Tax	Housing Tax		
<u>Year</u>	Revenues	Revenues	Revenues	Revenues	Revenues	Revenues		
2017-18	\$2,229,621	\$9,800,084	\$2,197,437	\$5,454,093	\$4,097,252	\$23,778,486		
2018-19	2,287,922	10,019,761	2,261,228	5,567,694	4,223,915	24,360,520		
2019-20	2,347,389	10,243,831	2,326,295	5,683,568	4,353,111	24,954,194		
2020-21	2,408,046	10,472,382	2,392,663	5,801,760	4,484,891	25,559,741		
2021-22	2,469,916	10,705,504	2,460,358	5,922,315	4,619,307	26,177,399		
2022-23	2,533,023	10,943,289	2,529,408	6,045,281	4,756,411	26,807,411		
2023-24	2,597,392	11,185,829	2,599,838	6,170,706	4,896,257	27,450,023		
2024-25	2,663,048	11,433,220	2,671,677	6,298,640	5,038,900	28,105,487		
2025-26	2,730,018	11,685,559	2,744,953	6,429,133	5,184,396	28,774,060		
2026-27	2,798,327	11,942,945	2,819,694	6,562,236	5,332,802	29,456,005		
2027-28	2,868,002	12,205,479	2,895,931	6,698,000	5,484,176	30,151,588		
2028-29	2,939,071	12,473,263	2,973,692	6,836,480	5,638,578	30,861,084		
2029-30	3,011,561	12,746,403	3,053,008	6,977,730	5,796,067	31,584,769		
2030-31	3,085,501	13,025,006	3,133,910	7,121,804	5,956,707	32,322,928		
2031-32	3,160,920	13,309,180	3,216,431	7,268,760	6,120,559	33,075,850		
2032-33	3,237,847	13,599,038	3,300,602	7,418,655	6,287,688	33,843,831		
2033-34	3,316,313	13,894,694	3,386,456	7,571,548	6,458,160	34,627,171		
2034-35	3,396,348	14,196,262	3,474,027	7,727,499	6,632,041	35,426,178		
2035-36	3,477,984	14,503,862	3,563,350	7,886,569	6,809,400	36,241,165		
2036-37	3,561,252	14,817,614	3,654,459	8,048,820	6,990,306	37,072,452		
2037-38	3,646,186	15,137,641	3,747,391	8,214,317	7,174,830	37,920,364		
2038-39	3,732,818	15,464,068	3,842,181	8,383,123	7,363,044	38,785,235		
2039-40	3,821,184	15,797,024	3,938,867	8,555,305	7,555,023	39,667,403		
2040-41	3,911,316	16,136,640	4,037,487	8,730,931	7,750,842	40,567,215		
2041-42	4,003,251	16,483,047	4,138,079	8,910,070	7,950,577	41,485,023		
2042-43	4,097,025	-	4,240,682	9,092,791	8,154,306	25,584,804		

Source: Urban Analytics; The Agency.

The table below sets forth the debt service and expected debt service coverage for the Bonds and the Outstanding Parity Bonds.

TABLE 12 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE **Combined Project Areas Projected Debt Service Coverage Schedule**

Fiscal <u>Year</u> ⁽¹⁾ 2017-18 2018-19	Projected Housing Tax Revenues ⁽¹⁾ \$23,778,486 24,360,520	Outstanding Parity Bonds Debt Service ⁽²⁾⁽³⁾ 7,994,109 7,997,906	2017 Bonds <u>Debt Service</u> ^{(2)*} 4,495,688 4,362,805	Total <u>Debt Service</u> ^{(2)*} 12,489,797 12,360,711	Total Coverage Ratio* 1.90x 1.97x
2019-20	24,954,194	7,996,517	4,362,706	12,359,223	2.02x
2020-21	25,559,741	7,990,184	4,361,891	12,352,075	2.07x
2021-22	26,177,399	6,214,407	6,142,418	12,356,825	2.12x
2022-23	26,807,411	6,222,961	6,136,381	12,359,341	2.17x
2023-24	27,450,023	6,228,626	6,129,457	12,358,083	2.22x
2024-25	28,105,487	6,216,134	6,139,964	12,356,097	2.27x
2025-26	28,774,060	6,215,966	6,137,844	12,353,810	2.33x
2026-27	29,456,005	6,218,305	6,135,721	12,354,026	2.38x
2027-28	30,151,588	6,087,662	6,134,220	12,221,882	2.47x
2028-29	30,861,084	6,081,225	6,141,747	12,222,972	2.52x
2029-30	31,584,769	6,094,213	6,132,077	12,226,289	2.58x
2030-31	32,322,928	6,084,994	6,133,309	12,218,302	2.65x
2031-32	33,075,850	6,091,519	6,135,066	12,226,584	2.71x
2032-33	33,843,831	6,087,044	6,132,165	12,219,209	2.77x
2033-34	34,627,171	6,327,250	6,004,299	12,331,549	2.81x
2034-35	35,426,178	6,326,250	6,012,440	12,338,690	2.87x
2035-36	36,241,165	9,172,400	3,161,705	12,334,105	2.94x
2036-37	37,072,452	9,168,000	3,158,706	12,326,706	3.01x
2037-38	37,920,364	5,310,800	2,195,671	7,506,471	5.05x
2038-39	38,785,235	5,314,400	1,973,098	7,287,498	5.32x
3039-40	39,667,403	0	6,864,757	6,864,757	5.78x
2040-41	40,567,215	0	4,950,750	4,950,750	8.19x
2041-42 2042-43	41,485,023 25,584,804	0	4,950,750	4,950,750	8.38x

Funds shown for purposes of this coverage table represent only Housing Tax Revenues. However, all funds deposited into the RPTTF of the Agency are available to pay debt service on the Bonds subject to prior pledges. See "SECURITY FOR THE BONDS – Redevelopment Property Tax Trust Fund," and "-Security for the Bonds."

Debt Service on the Outstanding Parity Bonds, Bonds and Total Debt Service are represented on a Bond Year basis.

Includes debt service on 2004 A-T Bonds, 2011 A-T Bonds, 2014 Bonds, 2015 Bonds and 2017A Bonds. Source: Urban Analytics as to Projected Housing Tax Revenue; The Agency and Underwriter as to Coverage Ratio.

^{*} Preliminary, subject to change.

BOND OWNERS' RISKS

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

Limited Special Obligations

The Bonds will be special obligations of the Agency, payable from and secured as to the payment of the principal thereof and the redemption premium, if any, and the interest thereon in accordance with their terms and the terms of the Indenture. Neither the State nor any public agency (other than the Agency) is obligated to pay the principal of or redemption premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof is pledged to the payment of the principal of or redemption premium, if any, or interest on the Bonds. The payment of the principal of or redemption premium, if any, or interest on the Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Agency).

Recognized Obligation Payment Schedule

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

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

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act: (i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011; (ii) second,

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

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

In 2017, the Successor Agency prepared its ROPS for the succeeding 2017-18 property tax distribution year. The ROPS originally submitted to the Oversight Board for approval included the payments for recognized obligations to be paid in ROPS period 17-18B and the payments for recognized obligations to be paid in ROPS period 18-19A. The covenant in the Indentures states that the Successor Agency will take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of (i) not less than one half of debt service due during each Bond Year on all Outstanding Bonds prior to April 1 of such Bond Year, and (ii) the remainder of debt service due during such Bond Year on all Outstanding Bonds prior to the next succeeding October 1. The ROPS submitted by the Successor Agency did not have at least one half of all debt service due on all outstanding Bonds prior to April 1 in the 17-18B ROPS period. The Agency prepared an amended ROPS, however, the amended ROPS could not be approved by the Oversight Board until September 14, 2017.

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

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

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

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

Challenges to Dissolution Act

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

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

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

Reduction in Taxable Value

Tax Revenues allocated to the Successor Agency are determined by the amount of incremental taxable value in the Project Areas allocable to the Project Areas and the current rate or rates at which property in the Project Areas 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 Areas by one or more major property owners, the reduction of assessed value of property in the Project Areas due to successful appeals (see "THE PROJECT AREAS – Appeals of Assessed Valuation"), the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Project Areas by a person displaced by eminent domain or similar proceedings, or the discovery of hazardous substances on a property within the Project Areas (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 Housing Tax Revenues securing the Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed

valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. Based on preliminary information provided by the County Assessor's office, there are currently 319 appeals pending in the Project Areas. 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 \$498.2 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 Areas. Overall, the 6,599 appeals settled in the Project Areas from Fiscal Year 2007-08 through Fiscal Year 2016-17 resulted in reductions in valuation of \$248 million out of \$8.4 billion in enrolled valuation, or 3.0%. The overall retention rate has thus been about 97.0% of the original valuation. See APPENDIX B - "REPORT OF FISCAL CONSULTANT - Assessment Appeals."

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

Any such reductions of assessed valuations and the resulting decline in Housing Tax Revenues could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds. See "THE PROJECT AREAS – Appeals of Assessed Valuation."

The County's current policy is, for the secured roll, to allocate 100% of the Project Area's tax increment revenues to the Successor Agency with no offset for taxpayer delinquencies, taxable value adjustments, refunds due to successful assessment appeals or tax roll correction (see "Property Taxes; Teeter Plan"). However, the County could change this policy in the future and begin making deductions for such delinquencies, adjustments, refunds and corrections from tax increment revenues allocated in the Successor Agency. The unsecured tax roll allocation is made on actual collections. In that event, substantial delinquencies in the payment of property taxes, substantial property tax refunds, significant reductions in taxable value or significant tax roll corrections due to such causes could impair the timely receipt by the Successor Agency of Tax Revenues. See APPENDIX B - "REPORT OF FISCAL CONSULTANT," for a discussion of the delinquency rates of the Project Areas.

Risks of Real Estate Secured Investments Generally

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

Reduction in Inflationary Rate and Changes in Legislation

As described in greater detail below (see "LIMITATIONS ON TAX REVENUES"), Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2% and there have been several years in which taxable values were adjusted by an actual inflationary rate that was less than 2%. The adjusted inflationary rate for Fiscal Year 2017-18 is 2.00%. The Successor Agency is unable to predict whether future annual inflationary adjustments to the taxable value base of real property within the Project Area will be in the amount of the full 2% permitted under Article XIIIA or will be in an amount less than 2%.

Change in Law

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

Bankruptcy of Landowners

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

Concentration of Property Ownership

Concentration of ownership presents a risk in that, if one or more of the largest property owners in a Sub-Area were to default on their taxes (and if the County were to change its current practice of distributing Housing Tax Revenues to the Successor Agency regardless of delinquencies) or were to successfully appeal the tax assessments on property within a Sub-Area, a substantial decline in Housing Tax Revenues could occur. The top ten taxpayers in all Project Areas represent 12% of the total incremental assessed value of all Project Areas combined. See "PROJECTED COVERAGE ON THE BONDS" for a description of the debt service coverage on the Bonds.

Seismic Considerations and Natural Calamities

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

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

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

Levy and Collection of Taxes

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

Estimated Revenues

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

Hazardous Substances

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

Direct and Overlapping Indebtedness

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

Future Legislation and Initiatives

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

Assessment Appeals

Property taxable values may be reduced as a result of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original

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

Economic Risks

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

Acceleration on Default

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

Investment Risk

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

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

Secondary Market

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

Bond Insurance Risk Factors

The Successor Agency anticipates obtaining a bond insurance policy (the "Policy") to guarantee the scheduled payment of principal and interest on the Bonds. The following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any Owner of the 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 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 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 Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

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

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

Neither the Successor Agency nor the 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 Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

Bankruptcy

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

Federal Tax-Exempt Status of the 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 Bond

proceeds, limitations on the investment earnings on the 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 the 2017 Series B Bonds.

IRS Audit of Tax-Exempt Issues

The IRS has initiated an expanded program for the auditing of tax-exempt issues, including both random and targeted audits. It is possible that the 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 XIIIA

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

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

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

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

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

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

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

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

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

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

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

Implementing Legislation

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

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

Unitary Property

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

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

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

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

The Successor Agency has projected the amount of unitary revenues to be allocated for 2016-17 within the Project Area. The Successor Agency cannot predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received nor the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies.

Property Taxes; Teeter Plan

The County utilizes a mechanism for the distribution of tax increment revenue to the former redevelopment agencies that has a similar effect on the Agency's tax increment revenues as the device known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's Redevelopment Property Tax Trust Fund on January 2 and the other one-half on June 1; delinquencies are not deducted from the Redevelopment Property Tax Trust Fund revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to Redevelopment Property Tax Trust Fund revenue. Consequently, the Agency is currently not affected by delinquent tax payments. However, the County Auditor-Controller's office has indicated that the County may cease to use this mechanism at some future date. There is no indication of when or whether this change may occur or 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 1.50% of the tax increment revenues from a Project Area. The calculations of Tax Revenues take such administrative costs into account.

Future Initiatives

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

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate, the County, as Successor Agency, has covenanted for the benefit of the Owners of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"), in which it covenants to provide information regarding the Successor Agency on an annual basis as well as information regarding material adverse events, if any such events should occur to the owners of the Bonds and to the Municipal Securities Rulemaking Board during the term of the Bonds. See APPENDIX G - "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the 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; and (iii) failure to file any notices of such failures to file. In almost every case with respect to obligations related to the General Fund, such information and reports were available on the County's website and/or available in other continuing disclosure filings made by the County.

In addition to any non-compliance of the County generally, the Successor Agency 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, the Series 2007 Jurupa Valley Project Area Bonds, and the Series 2004A and A-T Housing Bonds, however, 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.

OTHER INFORMATION

Litigation

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

Tax Matters

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

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 other federal tax consequences arising with respect to the ownership, sale or disposition of the 2017 Series B Bonds, or the amount, accrual or receipt of interest on the 2017 Series B Bonds.

The interest payable on the 2017 Series A-T Bonds is not excluded from gross income for federal income tax purposes.

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 2010A-T Bonds and the 2011A Bonds. See "PLAN OF FINANCE" above. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

Legal Opinion

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

In addition, Best Best & Krieger LLP, as Disclosure Counsel, will deliver to the Agency and to the 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 S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), with the understanding that upon execution and delivery of the Bonds, the Policy insuring the payment when due of the principal and interest on

the Insured Bonds will be issued by ____. S&P has assigned its underlying rating of "__" (stable outlook) on the Bonds without regard to the issuance of the Policy.

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

Municipal Advisor

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

Financial Interests

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

Underwriting

Citigroup Global Markets Inc., on behalf of itself and Raymond James & Associates, I	nc. (collectively
the "Underwriters") have 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 an
underwriters' discount of \$) under a Bond Purchase Agreement between the	Agency and the
Underwriters.	
Citigroup Global Markets Inc., on behalf of itself and Raymond James & Associates, In the "Underwriters") have agreed to purchase the 2017 Series A-T Bonds at a price of \$	(being the, less an

Citigroup Global Markets Inc., an underwriter of the 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 Bonds.

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

Miscellaneous

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

This Official Statement is submitted only in connection with the sale of the Bonds by the Successor Agency. All estimates, assumptions, statistical information and other statements contained herein, while taken

from sources considered reliable, are not guaranteed by the Successor Agency. The information contained herein should not be construed as representing all conditions affecting the Successor Agency or the Bonds.

SUCCESSOR	AGENCY TO	THE REDE	VELOPMENT
AGENCY FOR	R THE COUN	TY OF RIVE	ERSIDE

Ву:	
	George Johnson
	County Executive Officer

APPENDIX A

GENERAL INFORMATION ABOUT EACH PROJECT AREA

Redevelopment Project Area No. 1

The Riverside County Board of Supervisors (the "Board") approved Redevelopment Project Area No. 1-1986 (the "Project Area") on December 23, 1986, pursuant to Ordinance No. 635. Redevelopment Project Area No. 1 is located in the southwestern region of the County and consists of four sub-areas, totaling approximately 4,651 acres. The original Project Area contains sub-areas in the communities of Home Gardens and Murrieta. The Board approved Amendment No. 1 to the Project Area on July 20, 1999, pursuant to Ordinance No. 793, which included a new sub-area in the communities of Lakeland Village and Wildomar. A second amendment to the Project Area was approved on December 14, 1999, pursuant to Ordinance No. 800. This amendment allowed for the creation of another new sub-area in the El Cerrito/Temescal Canyon area.

Home Gardens. The first sub-area encompasses approximately 150 acres and is located in the unincorporated area of Home Gardens, situated between the cities of Riverside and Corona. The area is comprised of commercial and industrial land uses and has easy access to both State Route 91 and Interstate 15. A small portion of the sub-area was annexed into the city of Corona and includes a small industrial park.

Murrieta. The second sub-area consists of approximately 200 acres within the city of Murrieta and is located between the cities of Lake Elsinore and Temecula. The sub-area was formed in 1986 and was subsequently included as part of the incorporation of the City of Murrieta in July, 1991. The Murrieta Sub-Area is located within the historic core of the city and remains mostly rural in nature with large residential lots, limited commercial, office and industrial development and several public facilities. The junction of Interstates 15 and 215 is approximately 1.5 miles southeast of the sub-area, making it a convenient location for businesses. The Agency has worked cooperatively with the City of Murrieta to implement a revitalization program to improve the historic district.

Lakeland Village/Wildomar. The third sub-area is located adjacent to the city of Lake Elsinore. It is approximately 2,859 acres in size and consists of four non-contiguous areas in the communities of Lakeland Village, Wildomar, Sedco Hills and Cleveland Ridge. The Lakeland Village/Wildomar Sub-Area borders the southern portion of Lake Elsinore. Over half of the sub-area is single-family residential, with limited commercial development and several public facilities. Because the sub-area is adjacent to Lake Elsinore and the Cleveland National Forest, it has significant recreational potential.

El Cerrito/Temescal Canyon. This fourth sub-area includes approximately 1,442 acres of land on both sides of the 15 Freeway near the City of Corona. The El Cerrito Sub-Area is located north of Cajalco Road and the Temescal Canyon Sub-Area is located south of Weirick Road. Residential uses make up the largest percentage of existing development in the area, particularly in the El Cerrito sub-area, while commercial and industrial development is prominent in the Temescal Canyon Sub-Area.

Assessed Valuation

Assessed values within the Project Area have remained stable from Fiscal Years 2013-14 through 2017-18. Values increased for 2013-14 by 2.35%, by 6.10% in 2014-15, 4.59% in 2015-16, by 4.95% in 2016-17 and by 4.14% in 2017-18. The base year value is 29% of the total taxable value in the Project Area for 2017-18. Table A-1 sets forth Project Area assessed valuation for the current fiscal year and past four fiscal years.

TABLE A-1 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE

Redevelopment Project Area No. 1 Historical Assessed Values (Fiscal Years 2013-14 through 2017-18)

<u>Roll</u>	2013-14	2014-15	2015-16	2016-17	2017-18
Secured					
- Land	\$ 400,252,581	\$ 426,073,365	\$ 451,088,474	\$ 471,216,562	\$ 496,400,144
- Improvements	809,335,272	865,464,674	906,176,685	951,197,129	996,115,886
- Personal Property	1,919,583	1,811,912	1,789,329	2,234,465	2,252,015
- Exemptions	(47,493,671)	(48,288,987)	(48,192,603)	(49,265,007)	(50,318,683)
Secured Total	\$1,164,013,765	\$1,245,060,964	\$1,310,861,885	\$1,375,383,149	\$1,444,449,362
Unsecured					
- Land	\$ 44,579	\$ 14,272	\$ 13,847	\$ 140,488	\$ 1,273
- Improvements	69,039,300	67,070,987	66,184,297	59,697,282	50,741,176
 Personal Property 	38,467,858	37,028,602	34,115,803	45,849,708	47,174,339
- Exemptions	(39,213)	(42,980)	(24,780)	(17,780)	(30,680)
Unsecured Total	\$ 107,512,524	\$ 104,070,881	\$ 100,289,167	\$ 105,669,698	\$ 97,886,108
Utility					
- Land	\$ 890,976	\$ 890,976	\$ 890,976	\$ 890,976	\$ 890,976
- Improvements	0	0	0	0	0
- Personal Property	0	0	0	0	0
- Exemptions	0	0	0	0	0
Utility Total	\$ 890,976	\$ 890,976	\$ 890,976	\$ 890,976	\$ 890,976
Totals:	\$1,272,417,265	\$1,350,022,821	\$1,412,042,028	\$1,481,943,823	\$1,543,226,446
Percent Change	2.35%	6.10%	4.59%	4.95%	4.14%
Plus: HOPTR AV ⁽¹⁾	\$ 15,152,540	\$ 14,825,592	\$ 14,652,232	\$ 14,460,115	\$ 14,447,867
Less: Base AV	446,601,282	446,601,282	446,601,282	446,601,282	446,561,282
Incremental AV:	\$ 840,968,523	\$ 918,247,131	\$ 980,092,978	\$1,049,802,656	\$1,111,113,031
Incremental Revenue (1%)	\$ 8,409,685	\$ 9,182,471	\$ 9,800,930	\$ 10,498,027	\$ 11,111,130

⁽¹⁾ Homeowner's Property Tax Relief Exemption, reimbursed by the State.

Source: County Assessor, Urban Analytics.

Largest Taxpayers in the Project Area

The Fiscal Consultant's Report shows the ten largest taxpayers in the Project Area. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers. Castle & Cooke Corona Crossings is the largest property owner representing 11.7% of the assessed value of the Project Area, and the top ten assessees represent 20.5% of the Project Area's assessed value. See APPENDIX B - "REPORT OF FISCAL CONSULTANT – Ten Largest Assessees."

Assessed Valuation Appeals

There are 23 pending appeals within the Project Area, as of September 26, 2017. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals. Four of the Project Area's top ten taxpayers have pending appeals of their assessed value. See APPENDIX B – "REPORT OF FISCAL CONSULTANT."

Property Value by Land Use

Taxable values in the Project Area are diversified with residential property values making up 54.00% of all value. Industrial uses account for 15.4% of the Project Area taxable values and commercial uses account for 18.4%. Together, these three land use categories account for 87.80% of all taxable value in the Project Area.

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

TABLE A-2 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE Redevelopment Project Area No. 1 Land Use (Fiscal Year 2017-18)

<u>Land Use</u>	Secured AV(1)	Pct of AV	Number of Parcels	Pct of Parcels	Acres ⁽²⁾	Pct of Acres
Secured						
Agricultural	\$ 1,106,072	0.1%	3	0.0%	36	0.8%
Commercial	283,740,925	18.4%	247	3.5%	319	6.9%
Industrial	237,042,537	15.4%	86	1.2%	279	6.0%
Single-Family Residential	572,366,260	37.1%	3,272	46.9%	648	13.9%
Condominiums	4,063,521	0.3%	14	0.2%	3	0.1%
Other Residential	256,032,131	16.6%	2,076	29.8%	1,918	41.2%
Vacant	86,930,532	5.6%	1,254	18.0%	1,382	29.7%
Other	3,167,383	0.2%	26	0.4%	66	1.4%
Utility	890,976	0.1%	3	0.0%	NA	NA
Unsecured	97,886,108	6.3%	385	5.5%	NA	NA
Total	\$1,543,226,446	100.0%	6,978	100.0%	4,651	100.0%

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

The Jurupa Valley Project Area

General. The Board adopted the Jurupa Valley Redevelopment Project Area (the "Jurupa Valley Project Area") on July 9, 1996, via Ordinance No. 763. The project area formation involved the merger of three existing redevelopment project areas, Project Areas Nos. 2-1986 (Mira Loma), which was amended twice for a total acreage of 3,856 acres; 2-1987 (Glen Avon and Rubidoux) at 635 acres; and 2-1989 (Pedley and Rubidoux), at a total of 1,354 acres. The Amendment and Merger which took place in 1996 included an addition of 10,750 acres of territory (the "Amendment Area") to the merged project areas. The Jurupa Valley Project Area is a single contiguous project area and is located in the northwest region of the County. The total acreage for the project area is 16,600 acres.

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

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

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

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

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

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

Largest Taxpayers in the Jurupa Valley Project Area

The Fiscal Consultant's Report shows the ten largest taxpayers in the Jurupa Valley Project Area. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers. Costco Wholesale Corp. is the largest property owner representing 2.8% of the assessed value of the Project Area, and the top ten assessees represent 16.1% of the Jurupa Valley Project Area's assessed value. See APPENDIX B - "REPORT OF FISCAL CONSULTANT – Ten Largest Assessees."

Assessed Valuation

Assessed values within the Jurupa Valley Project Area have remained stable from Fiscal Years 2013-14 through 2017-18. Values increased for 2013-14 by 3.46%, by 3.38% in 2014-15, 6.21% in 2015-16, by 8.83% in 2016-17 and by 9.02% in 2017-18. The base year value is 19% of the total taxable value in the Jurupa Valley Project Area for 2017-18. Table A-3 sets forth the Jurupa Valley Project Area assessed valuation for the past five fiscal years.

TABLE A-3 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE

Jurupa Valley Project Area Historical Assessed Values (Fiscal Years 2013-14 through 2017-18)

Roll	2013-14	2014-15	2015-16	2016-17	<u>2017-18</u>
Secured					
- Land	\$1,537,673,047	\$1,595,815,400	\$1,699,357,929	\$1,801,232,645	\$1,922,605,341
- Improvements	2,670,794,164	2,783,183,415	2,966,906,804	3,290,815,429	3,637,273,290
- Personal Property	48,772,240	45,572,309	52,114,063	51,818,866	49,807,641
- Exemptions	(87,840,358)	(88,788,027)	(89,523,327)	(91,568,527)	(103,448,659)
Secured Total	\$4,169,399,093	\$4,335,783,097	\$4,628,855,469	\$5,052,298,413	\$5,506,237,613
Unsecured				, , ,	. , , ,
- Land	\$ 7,124	\$ 4,161	\$ 1,047,361	\$ 3,072	\$ 1,217
- Improvements	219,250,970	212,077,737	208,431,324	225,312,100	238,229,801
- Personal Property	183,643,914	178,374,166	181,522,380	187,022,818	213,724,600
- Exemptions	(13,770)	0	21,230	(91,257)	(93,158)
Unsecured Total	\$ 402,888,238	\$ 390,456,064	\$ 391,022,295	\$ 412,246,733	\$ 451,862,460
Utility				, ,	, ,
- Land	\$ 3,875,102	\$ 3,695,025	\$ 3,594,837	\$ 3,276,616	\$ 3,156,125
- Improvements	1,521,520	2,321,484	2,411,904	1,953,202	1,779,737
- Personal Property	33,319	44,528	64,743	61,844	50,393
- Exemptions	0	0	0	0	0
Utility Total	\$ 5,429,941	\$ 6,061,037	\$ 6,071,484	\$ 5,291,662	\$ 4,986,255
Totals:	\$4,577,717,272	\$4,732,300,198	\$5,025,949,248	\$5,469,836,808	\$5,963,086,328
Percent Change	3.46%			8.83%	
r creem change	3.4070	3.38%	6.21%	8.83%	9.02%
Plus: HOPTR AV ⁽¹⁾	\$ 30,478,862	\$ 29,860,207	\$ 29,543,091	\$ 29,811,881	\$ 30,491,611
Less: Base AV	1,104,611,835	1,104,611,835	1,104,611,835	1,104,611,835	1,104,611,835
Incremental AV:	\$3,503,584,299	\$3,657,548,570	\$3,950,880,504	\$4,395,036,854	\$4,888,966,104
Incremental Revenue (1%)	\$ 35,035,843	\$ 36,575,486	\$ 39,508,805	\$ 43,950,369	\$ 48,889,661

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

Assessed Valuation Appeals

There are 182 pending appeals within the Jurupa Valley Project Area, as of September 26, 2017. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals. Six of the Jurupa Valley Project Area's top ten taxpayers have pending appeals of their assessed value. See APPENDIX B – "REPORT OF FISCAL CONSULTANT."

Property Value by Land Use

Assessed values in the Jurupa Valley Project Area are diversified with single family residential property values making up 30.2% of all value. Industrial uses account for 35.3% of the Jurupa Valley Project Area assessed values and commercial uses account for 11.9%. Together, these three land use categories account for 77.40% of all taxable value in the Jurupa Valley Project Area.

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

TABLE A-4 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE Jurupa Valley Project Area Land Use Statistics (Fiscal Year 2017-18)

Land Use	Secured AV(1)	Pct of AV	Number of Parcels	Pct of Parcels	Acres(2)	Pct of Acres
Secured						
Agricultural	\$ 3,752,447	0.1%	10	0.1%	42	0.3%
Commercial	710,124,051	11.9	654	4.2	981	5.9
Industrial	2,107,251,868	35.3	296	1.9	1,615	9.7
Single-Family Residential	1,797,997,000	30.2	8,951	57.7	2,447	14.7
Condominiums	143,290,741	2.4	523	3.4	6	0.0
Other Residential	286,079,646	4.8	1,572	10.1	8,180	49.3
Vacant	446,723,550	7.5	2,340	15.1	2,795	16.8
Other	11,018,310	0.2	181	1.2	535	3.2
Utility	4,986,255	0.1	20	0.1	NA	NA
Unsecured	451,862,460	7.6	956	6.2	NA	NA
Total	\$5,963,086,328	100.0%	15.503	100.0%	16,600	100.0%

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

The Mid-County Project Area

General. The Mid-County Redevelopment Project Area (the "Mid-County Project Area") originally consisted of three project areas: Project Area Nos. 3-1986, 3-1987, and 3-1989. Project Area 3-1986 includes area in the communities of Garnet, Valle Vista, West Garnet, Homeland and Winchester; Project Area 3-1987 includes portions of the community of North Hemet; and Project Area 3-1989 includes area within the community of Cabazon. The Board approved the original boundaries of the Project Area No. 3-1986 on December 23, 1986 via Ordinance No. 637; Project Area 3-1987 on December 22, 1987 via Ordinance No. 646; and, Project Area No. 3-1989 on July 11, 1989 via Ordinance No. 676.

In 1999, the project areas were merged and amended, adding approximately 1,307 acres to the Homeland Sub-Area (renamed Homeland/Green Acres). Both the amendment and merger were approved in May 1999, via Ordinances Nos. 785 and 786, respectively. On January 13, 2009, Amendment No. 2 to the Mid-County Project Area was adopted via Ordinance No. 887, and added 2,693 acres in the Garnet and West Garnet communities to the Sub-Area. The current project area is composed of approximately 9,721 acres.

Garnet. Garnet is located in the Fifth Supervisorial District, at the intersection of Interstate 10 and Indian Avenue, directly between Palm Springs and Desert Hot Springs and serves as an entry point for both cities. The community includes approximately 250 acres of underutilized properties. A portion of the Sub-Area is within Palm Springs city limits and a portion is within the Desert Hot Springs sphere of influence. Business in Garnet has traditionally focused on tourist commercial establishments, including auto service facilities. This

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

focus has shifted toward quality industrial and commercial development as the surrounding area has changed. The recent development of business parks and freeway improvements makes the area ideal for future industrial and commercial development. Additional territory was added to the Garnet Sub-Area in January 2009, as part of Amendment No. 2.

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

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

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

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

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

Cabazon. Originally called Project Area No. 3-1989, the Sub-Area of Cabazon was approved by the Board of July 11, 1989 pursuant to Ordinance No. 676. The community of Cabazon is located between the cities of Banning and Palm Springs and shares boundaries with the Morongo Indian Reservation to the north and southeast. The 4,598 acre Sub-Area is bisected by Interstate 10 which is the major east-west corridor linking the westernmost portion of the County with the desert region. The community contains both sloping and flat terrain and is surrounded by the spectacular peaks of the San Jacinto and San Gorgonio Mountains. The land uses in the Sub-Area consist of a large-scale commercial retail outlet (473,000 square feet) comprised of 120 stores, the popular dinosaur tourist stop with restaurants and hotels, and rural residential. Immediately east of the Sub-Area is the Morongo Band of Indians Casino and Hotel, which has increased tourism in the area.

Largest Taxpayers in the Mid-County Project Area

The Fiscal Consultant's Report shows the ten largest taxpayers in the Mid-County Project Area. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers in the Mid-County Project Area. CPV Sentinel, LLC is the largest property owner representing 35.6% of the assessed value of the Mid-County Project Area, and the top ten assessees represent 54.6% of the Mid-County Project Area's assessed value. See APPENDIX B - "REPORT OF FISCAL CONSULTANT – Ten Largest Assessees." See also, "THE PROJECT AREAS – Largest Taxpayers in the Project Areas," for a discussion of assessed value of CPV Sentinel.

Assessed Valuation

Based on assessment roll data provided by the County Assessor, the total assessed valuation in the Mid-County Project Area is \$1.67 billion in fiscal year 2017-18, after deducting all exemptions. This represents an increase of 1.59% over fiscal year 2016-17 valuation. Fiscal year 2015-16 represented a decrease in valuation of 18.7% from fiscal year 2014-15. The gains in fiscal year 2013-14 and fiscal year 2014-15 were largely due to the opening of a new power plant; the decrease in fiscal year 2015-16 was attributable to a \$204.1 million decrease in valuation on the same power plant offset by \$65 million in valuation gains on other properties. The base year value is 35% of the total taxable value in the Mid-County Project Area for fiscal year 2017-18.

The secured roll accounted for 59% of the total valuation in the Mid-County Project Area in fiscal year 2017-18, with the unsecured roll comprising 5%. Non-unitary utility roll valuation accounted for 36% of Mid-County Project Area valuation, with the CPV Sentinel power plant accounting for most of this value (the unitary utility roll is based on countywide assessments and is not reported by project area).

TABLE A-5 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE

The Mid-County Project Area Historical Assessed Values (Fiscal Years 2013-14 through 2017-18)

Roll	2013-14	2014-15	<u> 2015-16</u>	2016-17	2017-18
Secured					
- Land	\$ 271,080,241	\$ 276,976,828	\$ 286,896,961	\$ 297,625,870	\$ 306,962,264
- Improvements	544,232,511	602,464,835	648,760,006	659,599,244	713,281,644
- Personal Property	3,310,996	4,700,116	4,283,861	3,049,399	2,494,429
- Exemptions	(36,203,085)	(37,382,636)	(38,216,226)	(38,425,631)	(31,311,687)
Secured Total	\$ 782,420,663	\$ 846,759,143	\$ 901,724,602	\$ 921,848,882	\$ 991,426,650
Unsecured				,	
- Land	\$ 0	\$ 0	\$ 0	\$ 1,238	\$ 0
- Improvements	40,670,529	43,262,332	47,000,917	46,420,106	49,273,423
- Personal Property	26,865,327	27,607,949	33,012,314	35,082,623	36,994,558
- Exemptions	0	0	0	21,000	0
Unsecured Total	\$ 67,535,856	\$ 70,870,281	\$ 80,013,231	\$ 81,524,967	\$ 86,267,981
Utility				, ,	, ,
- Land	\$ 382,121	\$ 8,702,121	\$ 8,702,121	\$ 8,702,121	\$ 8,702,121
- Improvements	682,123,620	753,424,620	549,346,620	634,603,620	586,403,620
- Personal Property	0	0	0	0	0
- Exemptions	0	0	0	0	0
Utility Total	\$ 682,505,741	\$ 762,126,741	\$ 558,048,741	\$ 643,305,741	\$ 595,105,741
Totals:	\$1,532,462,260	\$1,679,756,165	\$1,539,786,574	\$1,646,679,590	\$1,672,800,372
Percent Change, All Areas	140.92%	9.61%	-18.68%	6.94%	1.59%
Plus: HOPTR AV ⁽¹⁾	\$ 11,386,806	\$ 11,110,126	\$ 10,849,324	\$ 10,618,462	\$ 10,737,689
Less: Base AV	\$ 586,710,147	\$ 586,710,147	\$ 586,710,147	\$ 586,710,147	\$ 586,710,147
Incremental AV:	\$ 957,138,919	\$1,104,156,144	\$ 963,925,751	\$1,070,587,905	\$1,096,827,914
Incremental Revenue (1%)	\$ 9,571,389	\$ 11,041,561	\$ 9,639,258	\$ 10,705,879	\$ 10,968,279

Homeowner's Property Tax Relief Exemption, reimbursed by the State. Source: County Assessor, Urban Analytics.

Assessed Valuation Appeals

There are 29 pending appeals within the Mid-County Project Area, as of September 26, 2017. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals. Two of the Mid-County Project Area's top ten taxpayers have pending appeals of their assessed value. See APPENDIX B – "REPORT OF FISCAL CONSULTANT."

Property Value by Land Use

Taxable values in the Mid-County Project Area are diversified with residential property values making up 27.30% of all value. Utility uses equal 35.6% of all assessed value. Industrial uses account for 3.2% of the Mid-County Project Area taxable values and commercial uses account for 25.4%.

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

TABLE A-6 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE Mid-County Project Area Land Use Statistics (Fiscal Year 2017-18)

			Number			
Land Use	Secured AV(1)	Pct of AV	of Parcels	Pct of Parcels	Acres(2)	Pct of Acres
Secured						
Commercial	\$ 371,299,171	22.2%	195	2.0%	239	2.5%
Industrial	52,999,475	3.2	36	0.4	455	4.7
Single-Family Residential	280,912,798	16.8	2,465	25.6	329	3.4
Condominiums	8,245,028	0.5	96	1.0	3	0.0
Other Residential	167,337,671	10.0	2,247	23.3	4,001	41.1
Vacant	109,275,497	6.5	4,137	42.9	4,127	42.4
Other	1,357,010	0.1	90	0.9	585	6.0
Utility	595,105,741	35.6	7	0.1	NA	NA
Unsecured	86,267,981	5.2	369	3.8	NA	NA
Total	\$1,672,800,372	100.0%	9,642	100.0%	9,740	100.0%

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

Desert Communities Project Area

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

The merged project area consists of nine Sub-Areas, encompassing approximately 27,588 acres. At the same time the merger was approved, the Board approved the addition of 408 acres of land to the Thousand Palms Sub-Area, which originally included approximately 285 acres in the community of Thousand Palms.

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

Both the amendment and merger were approved via Ordinances Nos. 794 and 795, respectively. On January 13, 2009, Amendment No. 2 to the Desert Communities Project Area was adopted via Ordinance No. 886, and added 1,975 acres in the 100 Palms, Oasis, Mecca and North Shore communities to the Project Area. At present, the Project Area consists of six Sub-Areas, encompassing approximately 29,668 acres.

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

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

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

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

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

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

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

Thousand Palms. The Thousand Palms Sub-Area was originally 285 acres in size. In July of 1999, the Board approved an amendment to allow for the addition of new territory to the Sub-Area. The total acreage of the Sub-Area is 693 acres. The Sub-Area is adjacent to Interstate 10 north of the city of Rancho Mirage. The

Coachella Valley Enterprise Zone was recently extended into this area to encourage new businesses to the area through the provision of state tax credits.

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

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

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

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

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

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

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

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

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

Largest Taxpayers in the Desert Communities Project Area

The Fiscal Consultant's Report shows the ten largest taxpayers in the Project Area. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers. TD Desert Development is the largest property owner representing 2.0% of the assessed value of the Desert Communities Project Area, and the top ten assessees represent 10.5% of the Desert Communities Project Area's assessed value. See APPENDIX B - "REPORT OF FISCAL CONSULTANT – Ten Largest Assessees."

Assessed Valuation

The year-over-year changes in assessed valuation shown in the table below are not representative of actual valuation trends, as the assessed valuation of sub-areas generating negative tax increment in a given year are removed from the table, as described in the footnote. Restoring the assessed valuation for the North Shore and Amendment 2 (100 Palms/Oasis/Mecca) sub-areas for FY 2014-15 and FY 2015-16 results in a same-area

growth rate of \$140.8 million (5.37%) for FY 2015-16. The growth rate for the entire Desert Communities Project Area was 4.22% for fiscal year 2017-18. The base year value is 7.0% of the total taxable value in the Desert Communities Project Area for 2017-18. Table 5 sets forth the Desert Communities Project Area assessed valuations for the past five fiscal years.

TABLE A-7 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE

Desert Communities Project Area Historical Assessed Values (Fiscal Years 2013-14 through 2017-18)

Roll	2013-14	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Secured ⁽¹⁾ - Land	\$ 903,642,309	0.01.510.100	0.1.020.440.007	01.004.617.571	#1 121 12 12 22 C
- Improvements		\$ 961,518,199	\$ 1,032,449,906	\$1,084,617,571	\$1,131,134,229
- Personal Property	1,374,565,402	1,456,064,656	1,550,464,803	1,654,340,351	1,725,935,825
- Exemptions	6,074,707	7,648,582	7,070,611	6,206,300	5,363,395
Secured Total	(25,569,988)	(26,617,006)	(27,679,798)	(29,715,158)	(28,498,035)
	\$2,258,712,430	\$2,398,614,431	\$2,562,305,522	\$2,715,449,064	\$2,833,935,414
Unsecured					
- Land	\$ 23,078	\$ 23,078	\$ 23,078	\$ 23,078	\$ 23,618
- Improvements	28,977,763	19,337,106	25,424,570	28,373,360	27,519,323
- Personal Property	46,135,424	88,209,388	49,891,186	54,450,452	61,395,504
- Exemptions	(1,590)	(3,351,513)	26,500	(33,600)	(61,192)
Unsecured Total	\$ 75,134,675	\$ 104,218,059	\$ 75,365,334	\$ 82,813,290	\$ 88,877,253
Utility					
- Land	\$ 79,061	\$ 79,061	\$ 79,061	\$ 79,061	\$ 79,061
- Improvements	0	0	0	0	0
- Personal Property	0	0	0	0	0
- Exemptions	0	0	0	0	0
Utility Total	\$ 79,061	\$ 79,061	\$ 79,061	\$ 79,061	\$ 79,061
Totals:	\$2,333,926,166	\$2,502,911,551	\$ 2,637,749,917	\$2,798,341,415	\$2,922,891,728
Totals, All Sub-Areas (1)	2,445,863,680	2,622,923,917	2,763,729,358	\$2,933,900,645	\$3,074,925,198
Percent Change	-0.17%	7.24%	5.37%	6.16%	4.22%
Plus: HOPTR AV ⁽²⁾	\$ 11,044,009	\$ 10,985,310	\$ 11,040,718	\$ 11,204,860	\$ 11,392,920
Less: Base AV	215,826,617	215,826,617	215,826,617	215,826,617	215,826,383
Incremental AV:	\$2,129,143,558	\$2,298,070,244	\$ 2,432,964,018	\$2,593,719,658	\$2,718,458,265
Incremental Revenue (1%)	\$ 21,291,436	\$ 22,980,702	\$ 24,329,640	\$ 25,937,197	\$ 27,184,583

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

Assessed Valuation Appeals

There are 33 pending appeals within the Desert Communities Project Area, as of September 26, 2017. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals. Three of the Desert Communities Project Area's top ten taxpayers have pending appeals of their assessed value. See APPENDIX B – "REPORT OF FISCAL CONSULTANT."

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

Property Value by Land Use

Taxable values in the Desert Communities Project Area are diversified with residential property values making up 65.4% of all value. Industrial uses account for 4.4% of the Desert Communities Project Area taxable values and commercial uses account for 9.3%. Together, these three land use categories account for 79% of all taxable value in the Desert Communities Project Area.

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

TABLE A-8 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE Desert Communities Project Area Land Use Statistics (Fiscal Year 2017-18)

T	G		Number	Pct of	. (2)	Pct of
Land Use	Secured AV(1)	Pct of AV	<u>of Parcels</u>	<u>Parcels</u>	Acres ⁽²⁾	<u>Acres</u>
Secured						
Agricultural	\$ 199,149,165	6.8%	403	4.1%	3,771	13.7%
Commercial	271,370,552	9.3	350	3.6	1,250	4.5
Industrial	127,858,364	4.4	102	1.0	133	0.5
Single-Family Residential	1,850,915,983	63.3	4,097	41.8	434	1.6
Condominiums	5,508,778	0.2	6	0.1	6	0.0
Other Residential	55,393,246	1.9	589	6.0	1,372	5.0
Vacant	263,265,717	9.0	3,098	31.6	3,216	11.7
Other	60,473,610	2.1	357	3.6	17,409	63.1
Utility	79,061	0.0	1	0.0	NA	NA
Unsecured	88,877,253	3.0	810	8.3	NA	NA
Total	\$2,922,891,728	100.0%	9,813	100.0%	27,590	100.0%

Valuations include homeowner's exemptions, which are restored by the Auditor prior to the calculation of tax increment. Shows properties on the secured roll only. Table excludes the following sub-areas that did not generate tax increment in FY2016-17: North Shore and Amendment 2 (100 Palms/Oasis/Mecca).

Interstate 215 Corridor Redevelopment Project Area

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

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

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

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

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

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

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

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

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

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

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

Largest Taxpayers in the Interstate 215 Corridor Redevelopment Project Area

The Fiscal Consultant's Report shows the ten largest taxpayers in the Interstate 215 Corridor Redevelopment Project Area. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property tax payers in the table below. 1001 Columbia PT is the largest property owner representing 3.15% of the assessed value of the Interstate 215 Corridor Redevelopment Project Area, and the top ten assessees represent 15.02% of the Interstate 215 Corridor Redevelopment Project Area's assessed value. See APPENDIX B - "REPORT OF FISCAL CONSULTANT – Ten Largest Assessees."

Assessed Valuation

The year-over-year changes in assessed valuation shown in the table below are not representative of actual valuation trends, as the assessed valuation of sub-areas generating negative tax increment in a given year are removed from the table, as described in the footnote. Interstate 215 Corridor Redevelopment Project Area growth for fiscal year 2017-18 was 5.18% higher than the previous fiscal year. Restoring the assessed valuation for the Highway 74 Communities sub-area for fiscal year 2014-15 results in a same-area growth rate of \$111.2 million (3.6%) for fiscal year 2015-16 (the sub-area generated positive tax increment in fiscal year 2015-16). The base year value is 41% of the total taxable value in the Interstate 215 Corridor Redevelopment Project Area for 2017-18. Table A-9 sets forth Interstate 215 Corridor Redevelopment Project Area assessed valuation for the past five fiscal years.

TABLE A-9 SUCCESSOR AGENCY TO THE

REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE

Interstate 215 Corridor Redevelopment Project Area Historical Assessed Values

(Fiscal Years 2013-14 through 2017-18)

Roll	<u>2013-14</u>	2014-15	2015-16	2016-17	2017-18
Secured ⁽¹⁾					
- Land	\$ 774,814,173	\$ 904,226,875	\$1,137,958,789	\$1,199,065,327	\$1,268,970,304
- Improvements	979,803,613	1,354,707,082	1,647,072,818	1,741,917,807	1,867,751,919
- Personal Property	4,506,838	4,691,844	6,071,370	8,177,972	6,353,347
- Exemptions	(68,153,868)	(78,814,943)	(100,297,897)	(100,942,740)	(107,166,500)
Secured Total	\$1,690,970,756	\$2,184,810,858	\$2,690,805,080	\$2,848,218,366	\$3,035,909,070
Unsecured				, , ,	, , ,
- Land	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
- Improvements	99,679,615	97,111,397	86,699,380	99,412,310	129,495,589
- Personal Property	93,885,519	96,410,749	90,199,190	125,076,743	125,250,595
- Exemptions	0	(47,800)	(44,047)	(112,944)	(198,945)
Unsecured Total	\$ 193,565,134	\$ 193,474,346	\$ 176,854,523	\$ 224,376,109	\$ 254,547,239
Utility				, ,	
- Land	\$ 13,520,858	\$ 13,520,858	\$ 13,614,728	\$ 13,614,728	\$ 13,614,728
- Improvements	427,299,000	333,699,000	282,099,000	240,899,000	92,899,000
- Personal Property	0	0	0	0	0
- Exemptions	0	0	0	0	0
Utility Total	\$ 440,819,858	\$ 347,219,858	\$ 295,713,728	\$ 254,513,728	\$ 106,513,728
Totals:	\$2,325,355,748	\$2,725,505,062	\$3,163,373,331	\$3,327,108,203	\$3,396,970,037
Totals, All Sub-Areas(1)	2,898,366,618	3,052,138,403	3,163,373,331	3,327,108,203	3,396,970,037
Percent Change	-2.54%	5.31%	3.64%	5.18%	2.10%
Plus: HOPTR AV ⁽²⁾	\$ 18,954,430	\$ 25,219,689	\$ 31,187,144	\$ 30,683,703	\$ 30,506,049
Less: Base AV	773,125,603	1,067,164,071	1,408,197,360	1,408,197,360	1,408,197,360
Incremental AV:	\$1,571,184,575	\$1,683,560,680	\$1,786,363,115	\$1,949,594,546	\$2,019,278,726
Incremental Revenue (1%)	\$ 15,711,846	\$ 16,835,607	\$ 17,863,631	\$ 19,495,945	\$ 20,192,787

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

Source: County Assessor, Urban Analytics.

Assessed Valuation Appeals

There are 52 pending appeals within the Interstate 215 Corridor Redevelopment Project Area, as of September 26, 2017. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals. Four of the Interstate 215 Corridor Redevelopment Project Area's top ten taxpayers have pending appeals of their assessed value. See APPENDIX B – "REPORT OF FISCAL CONSULTANT."

Property Value by Land Use

Taxable values in the Interstate 215 Corridor Redevelopment Project Area are diversified with residential property values making up 49.9% of all value. Industrial uses account for 20.9% of the Interstate 215 Corridor Redevelopment Project Area taxable values and commercial uses account for 6.1%. Together, these three land use categories account for 76.9% of all taxable value in the Interstate 215 Corridor Redevelopment Project Area.

⁽²⁾ Homeowner's Property Tax Relief Exemption, reimbursed by the State.

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

The following table illustrates the land use of property within the entire Interstate 215 Corridor Redevelopment Project Area and its assessed value.

TABLE A-10 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE Interstate 215 Corridor Redevelopment Project Area Land Use Statistics (Fiscal Year 2017-18)

Land Use	Secured AV(1)	Pct of AV	Number of Parcels	Pct of Parcels	Acres ⁽²⁾	Pct of Acres
Secured					-	
Agricultural	\$ 6,069,881	0.2%	21	0.1%	328	1.5%
Commercial	207,625,230	6.1	309	1.7	759	3.5
Industrial	709,577,699	20.9	202	1.1	971	4.5
Single-Family Residential	1,052,147,586	31.0	6,049	33.0	4,735	21.8
Condominiums	10,525,743	0.3	134	0.7	11	0.1
Other Residential	631,649,172	18.6	5,503	30.0	6,131	28.3
Vacant	415,072,549	12.2	5,450	29.7	8,394	38.7
Other	3,241,208	0.1	87	0.5	365	1.7
Utility	106,513,728	3.1	8	0.0	NA	NA
Unsecured	254,547,239	7.5	579	3.2	NA	NA
Total	\$3,396,970,037	100.0%	18,342	100.0%	21,695	100.0%

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

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