

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



ITEM: 5.1
(ID # 11790)

MEETING DATE:
Tuesday, January 28, 2020

FROM : EXECUTIVE OFFICE:

SUBJECT: PUBLIC FINANCING AUTHORITY: Refunding of Outstanding Bonds of the
Dissolved Redevelopment Agency, District 4 and 5 [\$651,410] (Vote on
Separately)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Public Financing Authority Resolution No. 2020 - 01 confirming the issuance of its
2020 Series A Second Lien Tax Allocation Revenue Bonds (Desert Communities and
Interstate 215 Corridor Projects) (Federally Taxable) with respect to the purchase of
refunding bonds of the Successor Agency to the Redevelopment Agency for the County
of Riverside, approving the preliminary and final official statements and providing other
matters properly related thereto.

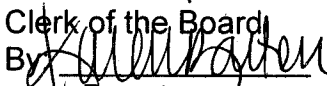
ACTION: Policy


Don F. Kent, Assistant CEO-County Finance Officer 1/21/2020

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: January 28, 2020
xc: EO

Kecia R. Harper
Clerk of the Board
By 
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$651,410	\$0	\$651,410	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: Bond Proceeds – 100%			Budget Adjustment:	No
			For Fiscal Year:	2019-2020

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

On September 24, 2013, the Board of Supervisors approved in principle the initiation of a County Redevelopment Bond Refunding Program (Agenda Item 4-1). On February 11, 2014, the Board of Supervisors executed the Refunding Program Agreement and approved Successor Agency Resolution No. 2014-003, requesting direction to undertake proceedings for the refunding of outstanding bonds of the former Redevelopment Agency for the County of Riverside. The Successor Agency's staff and the Program's financing team continue to bring forward refunding candidates that meet its savings guidelines.

The Successor Agency to the Redevelopment Agency for the County of Riverside (the "Successor Agency") proposes to issue bonds secured by tax increment revenues from the Desert Communities Project Area (the "2020 Series D Bonds") and bonds secured by tax increment revenues from the I-215 Corridor Project Area (the "2020 Series E Bonds" and together with the 2020 Series D Bonds, the "2020 Agency Bonds") to refinance all of the outstanding bonds issued in 2011 for the Desert Communities Project Area (the "2011 Series D Bonds") and a portion of outstanding bonds issued in 2011 for the I-215 Corridor Project Area (the "2011 Series E Bonds"), respectively. The 2020 Series D Bonds will be secured by tax increment revenues from Desert Communities Project Area on a basis subordinate to bonds previously issued by the Successor Agency with respect to the Desert Communities Project Area and certain other obligations payable on senior basis. The 2020 Series E Bonds will be secured by tax increment revenues from I-215 Corridor Project Area on a basis subordinate to bonds previously issued by the Successor Agency with respect to the I-215 Corridor Project Area and certain other obligations payable on senior basis. In addition, the 2020 Series D Bonds and the 2020 Series E Bonds will be secured by a pledge and lien on certain moneys remaining in the Successor Agency's Redevelopment Property Tax Trust Fund with respect to all of the project areas of the former Redevelopment Agency for the County of Riverside after the payment of certain items payable on a senior basis to the 2020 Series D Bonds and the 2020 Series E Bonds, but on a parity with the Successor Agency's outstanding bonds issued on and after 2014. There is a companion item on the Successor Agenda today for the issuance of the 2020 Agency Bonds.

The 2020 Agency Bonds will be purchased by the Riverside County Public Financing Authority.

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Simultaneously with such purchase, the Riverside County Public Financing Authority will sell its revenue bonds (the "2020 Authority Revenue Bonds"), to the underwriter. The Authority Revenue Bonds will be secured by a pledge and lien on Revenues, which generally consist of the payment of debt service on the 2020 Agency Bonds.

The final maturity of the 2020 Agency Bonds will not exceed the final maturity for the 2011 bonds. The 2020 Agency Bonds are anticipated to produce savings in excess of the Board's present value savings target of 3% (Board Policy B-24 for the Riverside County Debt Advisory Committee). The issuance of the 2020 Agency Bonds was approved at the Debt Advisory Committee meeting on November 14, 2019, the Riverside County Public Financing Authority on November 19, 2019 (the "PFA Resolution") and the Oversight Board meeting on November 21, 2019. The finance team will be applying for bond insurance for the 2020 Authority Bonds and reserve fund sureties to reduce the interest cost on the bonds.

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

2020 Authority Revenue Bonds

Description	2020 RCPFA Bonds
New Issue Size	\$12,890,000
NPV Savings	\$2,500,000
NPV Savings As % Refunded Bonds	20.48%
Total Expected Savings	\$5,525,000

As of January 17, 2020.

A required step in the process of issuing the 2020 Authority Revenue Bonds is approving the Preliminary Official Statement (the "POS") to be used in marketing the 2020 Authority Revenue Bonds. The POS is the "offering document" for the 2020 Authority Revenue Bonds, required under federal securities laws, that provides disclosure to investors and potential investors regarding the terms of the 2020 Authority Revenue Bonds, the security for the 2020 Authority Revenue Bonds and the 2020 Agency Bonds, risk factors and information concerning the project areas of the Successor Agency, among other information. The Board has an obligation to ensure that the POS includes all information that would be material to a prospective investor's decision whether to purchase the 2020 Authority Revenue Bonds.

The distribution of the POS by the Riverside County Public Financing Authority is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the POS to include all facts that would be material to an investor in the 2020 Authority Revenue Bonds. Material information is information for which there is a

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substantial likelihood that would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the 2020 Authority Revenue Bonds. If the Riverside County Public Financing Authority's Board concludes that the POS includes all facts that would be material to an investor in the 2020 Authority Revenue Bonds, it must adopt a resolution that authorizes staff to execute a certificate to the effect that the POS has been "deemed final."

The Securities and Exchange Commission ("SEC"), the agency with regulatory authority over the Successor Agency's compliance with the federal securities laws, has issued guidance as to the duties of the Board with respect to its approval of the POS. The SEC has also indicated that, if a member of the Board has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the 2020 Authority Revenue Bonds, whether relating to their repayment, tax status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the POS. In the Release, the SEC indicated that the steps that a member of the Board could take include becoming familiar with the POS and questioning staff and consultants about the disclosure of such facts.

The resolution before the Board will (i) confirm its actions in the PFA Resolution authorizing and approving the issuance and sale of the 2020 Authority Revenue Bonds, (ii) approve the POS in the form on file with Secretary of the Riverside County Public Financing Authority, authorizing staff to make the necessary changes to finalize it, and (iii) authorize the delivery to the underwriter of the 2020 Authority Revenue Bonds the Continuing Disclosure Agreement substantially in the form appended to the final Official Statement.

It is expected that these refunding bonds will be issued in February 2020.

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.

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STATE OF CALIFORNIA



Don R. Kent, Assistant CEO-County Finance Officer

1/21/2020



Gregory V. Prietas, Director County Counsel

1/21/2020

1 BOARD OF SUPERVISORS

RIVERSIDE COUNTY
PUBLIC FINANCING AUTHORITY

3 **RESOLUTION NO. 2020 - 01**

4 RESOLUTION OF THE RIVERSIDE COUNTY PUBLIC FINANCING
5 AUTHORITY CONFIRMING THE ISSUANCE OF ITS 2020 SERIES A SECOND
6 LIEN TAX ALLOCATION REVENUE BONDS (DESERT COMMUNITIES AND
7 INTERSTATE 215 CORRIDOR PROJECTS) (FEDERALLY TAXABLE), WITH
8 RESPECT TO THE PURCHASE OF REFUNDING BONDS OF THE SUCCESSOR
9 AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF
10 RIVERSIDE, APPROVING PRELIMINARY AND FINAL OFFICIAL
11 STATEMENTS AND PROVIDING FOR OTHER MATTERS PROPERLY
12 RELATED THERETO

13 **WHEREAS**, the Authority is a joint powers authority duly organized and existing
14 under and pursuant to that certain Joint Exercise of Powers Agreement dated March 20, 1990,
15 by and between the Redevelopment Agency for the County of Riverside (the "Agency") and
16 the County of Riverside (the "County"), and under the provisions of Articles 1 through 4
17 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government
18 Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act
19 (the "Bond Law") to borrow money for the purpose of financing the acquisition of bonds, notes
20 and other obligations of, or for the purpose of making loans to, local agencies (as such term is
21 defined in the Bond Law);

22 **WHEREAS**, for the purpose of providing funds to purchase two separate issues of
23 bonds (the "Successor Agency Bonds") of the Successor Agency to the Redevelopment
24 Agency for the County of Riverside (the "Successor Agency") issued by the Successor Agency
25 to refund certain bonds issued by the former Redevelopment Agency for the County of

01.28.2020 5.1

FORM APPROVED COUNTY COUNSEL
DATE 1/28/2020
BY KRISTINE BELL-VALDEZ

1 Riverside, the Authority intends to issue its 2020 Series A Second Lien Tax Allocation
2 Revenue Bonds (Desert Communities and Interstate 215 Corridor Projects) (Federally Taxable)
3 (the "Authority Bonds");

4 **WHEREAS**, the Board, pursuant to Resolution No. 2019-01 (the "Bond Resolution"),
5 adopted November 19, 2019, approved the issuance of the Authority Bonds in the aggregate
6 principal amount of not to exceed \$14,400,000;

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

13 **WHEREAS**, the Board has reviewed the Official Statement and wishes at this time to
14 approve its use and distribution as in the public interests of the Authority and the Successor
15 Agency;

16 **NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the
17 Board of Directors of the Riverside County Public Financing Authority assembled in regular
18 session on January 28, 2020, at 9:30 a.m. or soon thereafter, in the meeting room of the Board
19 of Supervisors, located on the first floor of the County Administrative Center, 4080 Lemon
20 Street, Riverside, California, as follows:

21 **Section 1. Recitals True and Correct.** The Authority hereby finds and declares that
22 the above recitals are true and correct.

23 **Section 2. Confirmation of Approval of Issuance of the Authority Bonds.** The
24 Authority hereby confirms its actions in the Bond Resolution authorizing and approving the
25 issuance and sale of the Authority Bonds.

1 **Section 3. Approval of Official Statement.** The Board hereby approves the
2 preliminary Official Statement describing the Authority Bonds, in substantially the form on file
3 with the Secretary, together with any changes therein or additions thereto necessary or
4 convenient to cause the preliminary Official Statement to describe accurately matters
5 pertaining to the Authority Bonds and the Chairman, the Executive Director or the Deputy
6 Executive Director of the Authority (each, an "Authorized Officer"), are each separately
7 authorized and directed on behalf of the Authority to review the final form of the preliminary
8 Official Statement and to deem the preliminary Official Statement "final" pursuant to Rule
9 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The execution of the final
10 Official Statement, which shall include such changes and additions thereto deemed advisable
11 by the Authorized Officers, and such information permitted to be excluded from the
12 preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the
13 Underwriter (as defined below), and the Authorized Officers, each acting alone, are authorized
14 and directed to execute and deliver the final Official Statement for and on behalf of the
15 Authority and to deliver to the Underwriter a certificate with respect to the information set
16 forth therein and to deliver the Continuing Disclosure Agreement substantially in the form
17 appended to the final Official Statement.

18 **Section 4. Underwriter.** The selection of Raymond James & Associates, Inc. (the
19 "Underwriter") as the underwriter for the Authority Bonds is hereby approved.

20 **Section 5. Official Action.** The Authorized Officers, the Secretary, and any and all
21 other officers of the Authority are hereby authorized and directed, for and in the name and on
22 behalf of the Authority, to do any and all things and take any and all actions, including
23 execution and delivery of any and all assignments, certificates, requisitions (including
24 requisitions for the payment of costs of issuance of the Authority Bonds), agreements, notices,
25 consents, instruments of conveyance, warrants and other documents, which they, or any of

1 them, may deem necessary or advisable in order to consummate the lawful issuance, sale and
2 delivery of the Authority Bonds and the purchase of the Successor Agency Bonds. Each of the
3 foregoing named officers of the Authority are authorized to act on behalf of any other officer
4 of the Authority who is authorized and directed herein to act on behalf of the Authority.

5 **Section 6. Effective Date.** This Resolution shall take effect from and after the date of
6 approval and adoption thereof.

7 The foregoing resolution was passed and adopted by the Board of Directors of the
8 Riverside County Public Financing Authority at a regular meeting held on the 28th day of
9 January, 2020, by the following vote:

10 AYES: Jeffries, Spiegel, Washington, Perez and Hewitt
11 NOES: None
12 ABSENT: None
13 ABSTAIN: None

14 RIVERSIDE COUNTY PUBLIC
15 FINANCING AUTHORITY

16 By: V. M. Lopez
17 Chairman

18 Attest:

19
20 By: K. Henderson, Deputy
21 Secretary

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

24 Kacia, R. Harper, Clerk of said Board
25 By: K. Henderson
Deputy

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

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020

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, San Francisco, California Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel observes that interest on the Bonds is not excluded from gross income for federal income tax purposes. See "OTHER INFORMATION - Tax Matters" herein.

\$ _____
Riverside County Public Financing Authority
2020 Series A Second Lien Tax Allocation Revenue Bonds
(Desert Communities and Interstate 215 Corridor Projects)
(Federally Taxable)

Dated: Date of Delivery

Due: July 1, as shown herein

The Riverside County Public Financing Authority 2020 Series A Second Lien Tax Allocation Revenue Bonds (Desert Communities and Interstate 215 Corridor Projects) (Federally Taxable) (the "Bonds") are being issued by the Riverside County Public Financing Authority (the "Authority") to provide funds to purchase two separate series of bonds (the "Agency Bonds") being issued by the Successor Agency to the Redevelopment Agency for the County of Riverside (the "Agency" or "Successor Agency") consisting of the Successor Agency to the Redevelopment Agency for the County of Riverside Desert Communities Redevelopment Project Area 2020 Second Lien Tax Allocation Refunding Bonds, Series D (the "2020 Series D Bonds") and the Successor Agency to the Redevelopment Agency for the County of Riverside Interstate 215 Corridor Redevelopment Project Area 2020 Second Lien Tax Allocation Refunding Bonds, Series E (the "2020 Series E Bonds"). The proceeds of the Agency Bonds will be used to (i) refund certain outstanding bonds previously issued by the former Redevelopment Agency for the County of Riverside with respect to the Desert Communities Redevelopment Project Area and Interstate 215 Corridor Redevelopment Project Area (together, the "Project Areas"), as further described herein, (ii) establish debt service reserve funds for the 2020 Series D Bonds by purchasing Municipal Bond Debt Service Reserve Insurance Policies to be issued by _____, and (iii) pay the costs of issuing the Bonds and the Agency Bonds, including the premium for the Policy (as defined in this Official Statement).

The Bonds will be issued under an Indenture of Trust (the "Indenture"), dated as of February 1, 2020, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds will be secured by a pledge of, security interest in and lien on the Revenues (as defined in the Indenture), which consist principally of payments to be made by the Agency to the Authority as debt service on the Agency Bonds. Each series of Agency Bonds will be issued under a separate Indentures of Trust, each dated as of February 1, 2020, by and between the Agency and the Trustee (the "Agency Bonds Indentures"). The 2020 Series D Bonds will be secured by a pledge of, security interest in and lien on Tax Revenues (as defined in the Agency Bonds Indentures pursuant to which such bonds are being issued and described herein) which generally consist of tax increment revenues generated within the Desert Communities Redevelopment Project Area and allocated to the Agency as described herein and subject to, the prior lien of outstanding Desert Communities Senior Bonds, Pass-Through Agreements and Statutory Pass-Through Obligations (each term as defined herein) of the Agency relating to Desert Communities Redevelopment Project Area. The 2020 Series E Bonds will be secured by a pledge of, security interest in and lien on Tax Revenues (as defined in the Agency Bonds Indenture pursuant to which such bonds are being issued and described herein) which generally consist of tax increment revenues generated within the Interstate 215 Corridor Redevelopment Project Area and allocated to the Agency as described herein and subject to, the prior lien of outstanding Interstate 215 Corridor Senior Bonds, Pass-Through Agreements, certain owner participation agreements, and Statutory Pass-Through Obligations (each term as defined herein) of the Agency relating to the Interstate 215 Corridor Redevelopment Project Area. Additionally, Agency Bonds will be secured, on a parity basis with certain other bonds issued by the Successor Agency as described in this Official Statement, by the pledge and lien created with respect to the Agency Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited or available for deposit from time to time in the Redevelopment Property Tax Trust Fund and remaining after the payment of certain items payable on a basis senior to the Agency Bonds. See "SECURITY FOR THE BONDS" and "SECURITY FOR THE AGENCY BONDS" herein.

The Bonds are being issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Purchasers of interests in the Bonds will not receive certificates from the Authority or the Trustee representing their interest in the Bonds purchased. Interest on the Bonds will be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2020. Payments of principal, premium, if any, and interest on the Bonds will be payable by the Trustee, to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as more fully described herein.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by _____. ("_____"). See "BOND INSURANCE" herein.

[Bond Insurance]

The Bonds are a special obligation of the Authority payable solely from Revenues and certain funds and accounts established under the Indenture and held by the Trustee. Neither the County of Riverside, the State of California nor the Authority shall be obligated to pay the principal of the Bonds, or the interest thereon, except from the Revenues and certain funds and accounts established under the Indenture and held by the Trustee, and neither the faith and the credit nor the taxing power of the Agency, the County, the State of California nor any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the Agency, the County, the State of California or any political subdivision thereof to levy or pledge any form of taxation whatever therefor or to make any appropriations for their payment. Neither the Authority nor the Agency has taxing power.

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

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

MATURITY SCHEDULE

See inside front cover

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

Raymond James

Dated: _____

* Preliminary, subject to change.

\$ _____*

Riverside County Public Financing Authority
2020 Series A Second Lien Tax Allocation Revenue Bonds
(Desert Communities and Interstate 215 Corridor Projects)
(Federally Taxable)

MATURITY SCHEDULE

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

<u>Maturity Date</u> (July 1)	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> †
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\$ _____* _____% Term Bond Due July 1, _____, Yield: _____%, Price: _____^c, CUSIP†: _____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP by CUSIP Global Services which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence LLC, a division of S&P Global Inc. Copyright© 2020 CUSIP Global Services. All rights reserved. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services database. CUSIP® numbers are provided for convenience of reference only. Neither the District nor the Underwriter take any responsibility for the accuracy of such numbers.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

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

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

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

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

Kevin Jeffries, District 1
Karen Spiegel, District 2
Chuck Washington, District 3
V. Manuel Perez, District 4
Jeff Hewitt, District 5

AUTHORITY STAFF

George A. Johnson, Executive Director
Jon Christensen, Treasurer
Kecia Harper-Ihem, Secretary
Gregory P. Priamos, County Counsel

SUCCESSOR AGENCY/COUNTY STAFF

George A. Johnson, County Executive Officer
Jon Christensen, Treasurer
Kecia Harper-Ihem, Secretary
Gregory P. Priamos, County Counsel

SPECIAL SERVICES

Trustee

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

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel

Best Best & Krieger LLP
Riverside, California

Municipal Advisor

Columbia Capital Management, LLC
Glendale, California

Fiscal Consultant

Urban Analytics, LLC
San Francisco, California

Verification Agent

[City, State]

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\$ _____ *

**Riverside County Public Financing Authority
2020 Series A Second Lien Tax Allocation Revenue Bonds
(Desert Communities and Interstate 215 Corridor Projects)
(Federally Taxable)**

INTRODUCTION

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

General

This Official Statement, including the cover page and appendices hereto, provides information in connection with the issuance by the Riverside County Public Financing Authority (the "Authority") of \$ _____ * Riverside County Public Financing Authority 2020 Series A Second Lien Tax Allocation Revenue Bonds (Desert Communities and Interstate 215 Corridor Projects) (Federally Taxable) (the "Bonds").

Purpose

The proceeds of the Bonds will be used to purchase two series of bonds of the Successor Agency to the Redevelopment Agency for the County of Riverside (the "Agency" or the "Successor Agency") consisting of the \$ _____ * Successor Agency to the Redevelopment Agency for the County of Riverside Desert Communities Redevelopment Project Area 2020 Second Lien Tax Allocation Refunding Bonds, Series D (the "2020 Series D Bonds") and the \$ _____ * Successor Agency to the Redevelopment Agency for the County of Riverside Interstate 215 Corridor Redevelopment Project Area 2020 Second Lien Tax Allocation Refunding Bonds, Series E (the "2020 Series E Bonds" and together with the "2020 Series D Bonds, the "Agency Bonds"). The proceeds of the Agency Bonds will be used to (i) to refinance certain outstanding bonds with respect to the Desert Communities Redevelopment Project Area (the "Desert Communities Project Area") and the Interstate 215 Corridor Redevelopment Project Area (the "I-215 Corridor Project Area") of the now dissolved Redevelopment Agency for the County of Riverside (the "Former Agency"), (ii) to satisfy the reserve requirement for each of the Agency Bonds by purchasing separate Reserve Policies (as hereinafter defined) for each series of Agency Bonds, and (iii) to pay costs of issuance of the Bonds and the Agency Bonds, (including the premium for the Policy, defined herein). See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The County

The County of Riverside (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, the 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 the County.

The Authority

The Authority was established pursuant to a Joint Exercise of Powers Agreement, dated as of March 20, 1990, by and between the County of Riverside (the "County") and the Redevelopment Agency for the County of Riverside, pursuant to Chapter 5, Division 7, Title 1 of the California Government Code (the "Act"). The

* Preliminary, subject to change.

Authority has the power under the Act to acquire the bonds and other obligations of local agencies (as such term is defined in the Act). The Board of Supervisors of the County (the "Board") serves as the Board of Directors of the Authority.

The Successor Agency

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

Pursuant to the Dissolution Act, defined herein, redevelopment agencies in California, including the Former Agency, were dissolved and with certain exceptions, successor agencies to such former redevelopment agencies such as the Successor Agency, are not permitted to conduct redevelopment activities. The Successor Agency, however, is authorized to continue to refinance outstanding bonds previously issued by the Former Agency in order to achieve a savings in debt service. See also "SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY" for a discussion of the Dissolution Act, the formation of the Successor Agency and the current powers, and limitations thereon, of the Successor Agency.

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

The Project Areas

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

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

Together, the Desert Communities Project Area and the I-215 Corridor Project Area are hereinafter referred to as the "Project Areas."

As described herein, the Bonds will be secured by a pledge of, security interest in and lien on the Revenues (as hereinafter defined), which consist principally of payments to be made by the Agency to the Authority as debt service on the Agency Bonds. Each series of Agency Bonds will be issued under a separate Indenture of Trust, each dated as of February 1, 2020, by and between the Agency and the Trustee (the "Agency Bonds Indentures").

The 2020 Series D Bonds will be secured by a pledge of, security interest in and lien on Tax Revenues (as defined in each Agency Bonds Indenture pursuant to which such bonds are being issued and described herein) which generally consist of tax increment revenues generated within the Desert Communities Project Area and allocated to the Agency as described herein and subject to, the prior lien of outstanding Desert Communities Senior Bonds, Pass-Through Agreements and Statutory Pass-Through Obligations of the Agency relating to Desert Communities Redevelopment Project Area.

The 2020 Series E Bonds will be secured by a pledge of, security interest in and lien on Tax Revenues (as defined in each Agency Bonds Indenture pursuant to which such bonds are being issued and described

herein) which generally consist of tax increment revenues generated within the Interstate 215 Corridor Redevelopment Project Area and allocated to the Agency as described herein and subject to, the prior lien of outstanding Interstate 215 Corridor Senior Bonds, Pass-Through Agreements, certain owner participation agreements, and Statutory Pass-Through Obligations of the Agency relating to the Interstate 215 Corridor Project Area. Additionally, Agency Bonds will be secured, on a parity basis with certain other bonds issued by the Successor Agency as described in this Official Statement, by the pledge and lien created with respect to the Agency Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited or available for deposit from time to time in the Redevelopment Property Tax Trust Fund (the "Redevelopment Property Tax Trust Fund") established pursuant to California Health and Safety Code Sections 34170.5(a) and 34172(c) and administered by the County auditor-controller (the "County Auditor-Controller") and remaining after the payment of certain items payable on a basis senior to the Agency Bonds. See "SECURITY FOR THE AGENCY BONDS – Pledge of Tax Revenues." Tax Revenues under one of the Agency Bonds Indentures are not available to pay debt service on the Agency Bonds issued under a separate Agency Bonds Indenture. There is no cross collateralization between each series of Agency Bonds, including the debt service reserve funds.

Authority for Issuance of the Bonds and the Agency Bonds

The Bonds are being issued by the Authority pursuant to the provisions of the Act. The Agency Bonds are being issued by the Successor Agency pursuant to the provisions of the Dissolution Act and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Refunding Law").

Each of the 2020 Series D Bonds and the 2020 Series E Bonds will be issued under separate Indentures of Trust each dated as of February 1, 2020 (each an "Agency Bonds Indenture" and together, the "Agency Bonds Indentures"), by and between the Successor Agency and The Bank of New York Mellon Trust Company, N.A. (the "Agency Trustee"), the net proceeds of which will be used to refund certain outstanding bonds of the Successor Agency as more fully described under "PLAN OF FINANCE," herein.

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

The Bonds will be special, limited obligations of the Authority, payable from and secured by Revenues (as defined herein) of the Authority, consisting primarily of payments on the Agency Bonds received by the Authority from the Successor Agency. The Agency Bonds will be payable from and secured by, designated "Tax Revenues" (as defined below) which consist primarily of property tax revenues (formerly tax increment revenues) from the respective Project Areas under the related Agency Bond Indenture. Additionally, each series of Agency Bonds will be secured by moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund remaining after the payment of certain debt service payment, passthrough payment and other payments and items payable on a basis senior to the Agency Bonds and on a parity with certain bonds previously issued by the Successor Agency as more fully described herein. Payments under the Agency Bonds are calculated to be sufficient to permit the Authority to pay the principal of, premium, if any, and interest on the Bonds when due. The Agency Bonds will be registered in the name of the Trustee and payments of debt service on the Agency Bonds will be paid to the Trustee as assignee of the Authority. See "SECURITY FOR THE BONDS" and "SECURITY FOR THE AGENCY BONDS."

The issuance of the Agency Bonds was subject to approvals under the Dissolution Act, of the Countywide Oversight Board for the County of Riverside (the "Oversight Board"), as described below, and the Department of Finance of the State of California (the "State Department of Finance" or "DOF"). All such approvals have been obtained. See "SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY."

The Oversight Board approved the issuance of the Agency Bonds by the Successor Agency by resolution adopted on November 21, 2019. The Department of Finance of the State of California released its letter approving the Oversight Board Resolution approving the issuance of the Bonds on _____. See Appendix H - "STATE DEPARTMENT OF FINANCE DETERMINATION LETTER APPROVING THE BONDS."

Terms of the Bonds

The Bonds will be issued in denominations of \$5,000 and any integral multiple thereof (the "Authorized Denominations"). The Bonds will be dated their date of delivery and are payable with respect to interest semiannually each January 1 and July 1, commencing on July 1, 2020.

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

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

Security for the Bonds and the Agency Bonds

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

THE BONDS WILL BE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE FROM AND SECURED AS TO THE PAYMENT OF THE PRINCIPAL THEREOF AND THE REDEMPTION PREMIUM, IF ANY, AND THE INTEREST THEREON IN ACCORDANCE WITH THEIR TERMS AND THE TERMS OF THE INDENTURE. THE BONDS SHALL NOT CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR ANY OF ITS MEMBERS, AND UNDER NO CIRCUMSTANCES SHALL THE AUTHORITY BE OBLIGATED TO PAY PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS EXCEPT FROM REVENUES. NEITHER THE STATE NOR ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) NOR ANY MEMBER OF THE AUTHORITY IS OBLIGATED TO PAY THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS. THE PAYMENT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THE BONDS DOES NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR ANY PUBLIC AGENCY (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY.

Agency Bonds. Each series of Agency Bonds will be special obligations of the Successor Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues pledged under the respective Agency Bonds Indentures, subject to the lien of the respective Senior Bonds (defined herein). The

Agency Bonds shall be also equally secured by the pledge and lien created with respect to the Agency Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund remaining after the payment of certain debt service payment, pass through payment and other payments and items payable on a basis senior to the Agency Bonds and on a parity with certain bonds previously issued by the Successor Agency as more fully described herein. THE AGENCY BONDS ARE PAYABLE AS SET FORTH IN THE AGENCY BONDS INDENTURES, ARE NOT A DEBT OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE, AND NEITHER THE STATE, THE COUNTY NOR ANY OF THE STATE'S OTHER POLITICAL SUBDIVISIONS IS LIABLE THEREFOR, NOR IN ANY EVENT SHALL THE AGENCY BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AGENCY PLEDGED THEREFOR AS PROVIDED IN THE AGENCY BONDS INDENTURES. The Agency Bonds have their own payment schedule which has been sized to pay debt service on the Bonds. APPENDIX D - "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS" attached hereto.

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

Additional Debt. The Authority may not issue or incur any obligations payable from Revenues. As more fully described under "SECURITY FOR THE AGENCY BONDS," the Agency may issue or incur additional obligations on a parity with the pledge of the Tax Revenues securing the applicable Agency Bonds only with respect to the refunding of the Bonds. The Successor Agency may issue and deliver Parity Debt in the future subject to certain conditions precedent set forth in the Agency Bonds Indenture and described herein. Nothing in the Agency Bonds Indentures shall prevent the Successor Agency from issuing or incurring Subordinate Debt subject to certain conditions precedent set forth in the Agency Bonds Indenture and described below. The Agency Bonds Indenture prohibits the Successor Agency from issuing any obligations with a lien on Tax Revenues senior to the lien of the Agency Bonds with the exception of refunding bonds currently senior to the Bonds.

Outstanding Senior Bonds. As more fully described under "SECURITY FOR THE AGENCY BONDS," the Successor Agency has outstanding certain bonds issued by the Former Agency and Successor Agency with respect to each Project Area as described below.

Desert Communities Project Area. The Successor Agency previously issued the following bonds secured by tax increment revenues from the Desert Communities Project Area on a basis senior to the 2020 Series D Bonds: (i) \$28,130,000 original principal amount Desert Communities Redevelopment Project Area 2014 Tax Allocation Refunding Bonds, Series D (the "Desert Communities 2014 Bonds"); (ii) \$13,620,000 original principal amount Desert Communities Redevelopment Project Area 2015 Tax Allocation Refunding Bonds, Series D (the "Desert Communities 2015 Bonds"); (iii) \$50,800,000 original principal amount Desert Communities Redevelopment Project Area 2016 Tax Allocation Refunding Bonds, Series D (the "Desert Communities 2016 Bonds"); and (iv) \$30,385,000 original principal amount Desert Communities Redevelopment Project Area 2017 Tax Allocation Refunding Bonds (the "Desert Communities 2017 Bonds," and together with the Desert Communities 2014 Bonds and the Desert Communities 2015

Bonds, the Desert Communities 2016 Bonds, the “Desert Communities Senior Bonds”) as described below.

Desert Communities Project Area
Outstanding Senior Bonds

<u>Series</u>	<u>Issue Date</u>	<u>Original Par Amount</u>	<u>Amount Outstanding*</u>
Desert Communities 2014 Bonds	October 1, 2014	\$28,130,000	\$24,535,000
Desert Communities 2015 Bonds	October 1, 2015	13,620,000	12,115,000
Desert Communities 2016 Bonds	May 4, 2016	50,800,000	45,795,000
Desert Communities 2017 Bonds	May 10, 2017	30,385,000	27,425,000

* As of January 2, 2020.

I-215 Corridor Project Area. The Successor Agency previously issued the following bonds secured by tax increment revenues from the Interstate 215 Project Area on a basis senior to the 2020 Series E Bonds: (i) \$16,545,000 original principal amount Interstate 215 Corridor Redevelopment Project Area 2014 Tax Allocation Refunding Bonds, Series E (the “Interstate 215 2014 Bonds”); (ii) \$18,875,000 original principal amount Interstate 215 Corridor Redevelopment Project Area, 2015 Tax Allocation Refunding Bonds, Series E (the “Interstate 215 2015 Bonds”); (iii) \$21,730,000 original principal amount Interstate 215 Corridor Redevelopment Project Area, 2016 Tax Allocation Refunding Bonds, Series E (the “Interstate 215 2016 Bonds”); and (iv) \$50,255,000 original principal amount Interstate 215 Corridor Redevelopment Project Area, 2017 Tax Allocation Refunding Bonds, Series E (the “Interstate 215 2017 Bonds,” and together with the Interstate 215 2014 Bonds, the Interstate 215 2015 Bonds, and the Interstate 215 2016 Bonds, the “Interstate 215 Corridor Senior Bonds,” and collectively with the Desert Communities Senior Bonds, the “Senior Bonds”) as described below.

I-215 Corridor Project Area
Outstanding Senior Bonds

<u>Series</u>	<u>Issue Date</u>	<u>Original Par Amount</u>	<u>Amount Outstanding*</u>
Interstate 215 2014 Bonds	October 1, 2014	\$16,545,000	\$14,570,000
Interstate 215 2015 Bonds	October 1, 2015	18,875,000	16,335,000
Interstate 215 2016 Bonds	May 4, 2016	21,730,000	19,720,000
Interstate 215 2017 Bonds	May 10, 2017	50,255,000	46,925,000

* As of January 2, 2020.

Subordinate Bonds to be Refinanced.

Desert Communities Project Area. The Former Agency issued its \$6,475,000 original principal amount 2011 Second Lien Tax Allocation Bonds, Series D (the “Series 2011 D Bonds”) which are payable on a basis subordinate to the payment of the Desert Communities Project Area Senior Bonds. The Successor Agency anticipates using a portion of the proceeds of the 2020 Series D to refund all outstanding Series 2011 D Bonds. After the issuance of 2020 Series D Bonds, no bonds payable from Tax Revenues from the Desert Communities Project Area on a parity lien with the 2020 Series D Bonds will remain outstanding. See “PLAN OF FINANCE – Refunding of Desert Communities Series 2011 Bonds.”

I-215 Corridor Project Area. The Former Agency issued its \$12,579,720 original principal amount Interstate 215 Corridor Redevelopment Project Area 2011 Second Lien Tax Allocation Bonds Series E (the “Series 2011 E Bonds”), which are payable on a basis subordinate to the payment of the I-215 Corridor Project Area Senior Bonds. The Successor Agency anticipates using a portion of the

proceeds of 2020 Series E Bonds to refund a portion of the Series 2011 E Bonds. See "PLAN OF FINANCE – Defeasance and Refunding of Series 2011 E Bonds." In connection with the issuance of the 2020 Series E Bonds, the Successor Agency is defeasing a portion of the Series 2011 E Bonds with funds on hand with the Successor Agency relating to the Series 2011 E Bonds. See "PLAN OF FINANCE – Defeasance and Refunding of I-215 Series 2011 E Bonds." After the issuance of the 2020 Series E Bonds, a portion of the Series 2011 E Bonds which are capital appreciation bonds will remain outstanding and will be payable from Tax Revenues from the Interstate I-125 Project Area on a parity lien with the 2020 Series E Bonds. See "PLAN OF FINANCE – Defeasance of 2011 B and 2011 E Bonds." The unrefunded Series 2011 E Bonds which are capital appreciation bonds will not be on parity with the 2020 Series E Bonds with respect to the pledge of the Redevelopment Property Tax Trust Fund. Redevelopment Property Tax Trust Funds are not pledged to the Series 2011 E Bonds.

Owner Participation Agreement. The Former Agency has previously entered into a separate Owner Participation Agreement for the I-215 Project Area which provides for the payment of debt service to a community facilities district and is payable on a senior basis to the payment of debt service on the 2020 Series E Bonds. The annual obligation is approximately \$250,000 to \$272,000, through fiscal year 2020-21. See "INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT AREA – Owner Participation Agreements," herein.

Municipal Bond Insurance

Concurrently with the issuance of the Bonds, _____ ("_____") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds maturing on July 1 of the years ____ through ____, inclusive, as indicated on the inside cover hereof (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due. A form of the Policy is included as Appendix J to this Official Statement.

In order to further secure the payment of the principal of and interest on the Agency Bonds, a Reserve Account will be established for each of the 2020 Series D Bonds (the "2020 Series D Bonds Reserve Account") and the 2020 Series E Bonds (the "2020 Series E Bonds Reserve Account," collectively with the 2020 Series D Bonds Reserve Account, the "Reserve Accounts") under their respective Agency Bonds Indentures in the amount of their respective Reserve Requirement. The Reserve Accounts as of the Closing Date for each of the 2020 Series D Bonds and the 2020 Series E Bonds as of the Closing Date will be funded by the purchase of two Municipal Bond Debt Service Reserve Fund Insurance Policies (each a "Reserve Policy") to be issued by _____. Amounts on deposit in the 2020 Series D Bonds Reserve Account, including any draws under the Reserve Policy of the 2020 Series D Bonds, may be used only for the payment of debt service on the 2020 Series D Bonds, and will not secure any other bonds of the Successor Agency, including without limitation, the 2020 Series E Bonds. Amounts on deposit in the 2020 Series E Bonds Reserve Account, including any draws under the Reserve Policy of the 2020 Series E Bonds, may be used only for the payment of debt service on the 2020 Series E Bonds, and will not secure any other bonds of the Successor Agency, including without limitation, the 2020 Series D Bonds.

After the issuance of the 2020 Series E Bonds, a portion of the Series 2011 E Bonds which are capital appreciation bonds will remain outstanding and will be payable from Tax Revenues from the Interstate I-125 Project Area on a parity lien with the 2020 Series E Bonds. Such Series 2011 E Bonds are secured by a reserve account established under the indenture of trust pursuant to which such bonds were issued (the "Series 2011 E Bonds Reserve Account"). Amounts on deposit in the Series 2011 E Bonds Reserve Account may be used only for the payment of debt service on such Series 2011 E Bonds, and will not secure any other bonds of the Successor Agency, including without limitation, the 2020 Series E Bonds.

See "SECURITY FOR THE AGENCY BONDS – Municipal Bond Debt Service Reserve Insurance Policy."

Professionals Involved in the Offering

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

Columbia Capital Management, LLC, Glendale, California, has acted as Municipal Advisor to the Authority and the Agency in the structuring and presentation of the financing.

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

All proceedings in connection with the issuance of the Bonds and the Agency Bonds are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Best Best & Krieger LLP is acting as Disclosure Counsel. Certain legal matters will be passed on for the Authority and the Agency by the Office of the County of Riverside County Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, will be acting as counsel to Raymond James & Associates, Inc. (the "Underwriter"). The fees and expenses of the Municipal Advisor, Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

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

Continuing Disclosure

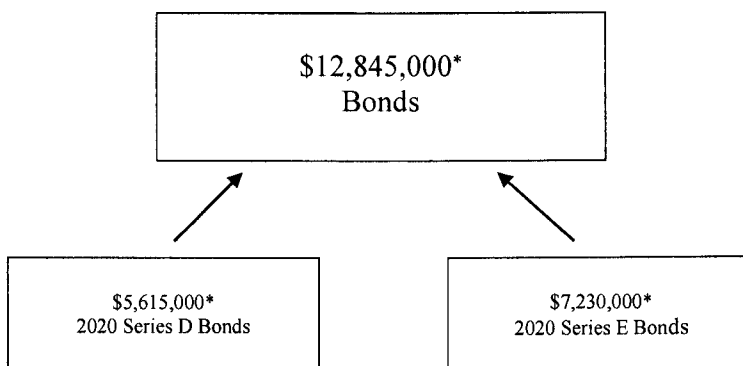
With respect to continuing disclosure, the Successor Agency will prepare and provide annual updates of the information contained in the tables included in this Official Statement with respect to property tax revenues, collections, any material delinquencies, principal taxpayers, and notices of enumerated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

Reference to Underlying Documents

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

PLAN OF FINANCE

The Bonds are being issued to provide funds to purchase the Agency Bonds. The Agency Bonds of each series are being issued (i) to refund a portion of the outstanding Interstate 215 Series 2011 E Bonds (the "Series 2011 E Bonds") and all of the outstanding Desert Communities Series 2011 D Bonds (the "Series 2011 D Bonds"), as described below, (ii) to satisfy the Reserve Requirement for each series of Agency Bonds, and (iii) to pay costs of issuance of the Bonds and the Agency Bonds, which may include the cost of financial guaranty insurance premium for the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.



Refunding of Desert Communities Series 2011 D Bonds

The Former Agency previously issued Series 2011 D Bonds, which are outstanding in the aggregate principal amount of \$5,285,000 as of January 2, 2020. The Series 2011 D Bonds were issued pursuant to an Indenture of Trust (the "Series 2011 D Indenture") dated as of March 1, 2011, between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Series 2011 D Trustee"). On the date of issuance of the 2020 Series D Bonds, a portion of the proceeds thereof will be transferred to the Series 2011 D Trustee for deposit into an escrow fund established for the Series 2011 D Bonds (the "Series 2011 D Escrow Fund") under Irrevocable Refunding Instructions for the Desert Communities 2011 Bonds (the "Series 2011 D Refunding Instructions") delivered by the Successor Agency to the Series 2011 D Trustee. The amount deposited in the Series 2011 D Escrow Fund will be invested in Federal Securities. From the proceeds on deposit in the 2011 Escrow Fund, the Series 2011 D Trustee will pay the regularly scheduled debt service on all of the outstanding Series 2011 D Bonds on December 1, 2021, and on such date will redeem all of the remaining outstanding Series 2011 D Bonds at a redemption price equal to the principal amount hereof plus accrued and unpaid interest thereon. Following the refunding of the Series 2011 D Bonds there will be no other obligations payable on the same lien as the 2020 Series D Bonds. Below are the Series 2011 D Bonds to be refunded.

Desert Communities Series 2011 D Bonds

<u>Maturity</u>	<u>Outstanding Par Amount</u>	<u>Refunded Par Amount</u>	<u>CUSIP</u>
12/1/2021	\$ 330,000.00	\$ 330,000.00	769123KX7
12/1/2026	1,025,000.00	1,025,000.00	769123KY5
12/1/2031	1,425,000.00	1,425,000.00	769123KZ2
12/1/2044	<u>2,505,000.00</u>	<u>2,505,000.00</u>	769123LA6
Total	\$5,285,000.00	\$5,285,000.00	

* Preliminary, subject to change.

Defeasance and Refunding of I-215 Series 2011 E Bonds

Partial Economic Defeasance of Current Interest Interstate 215 Series 2011 E Bonds. The Former Agency previously issued its Series 2011 E Bonds as current interest bonds and as capital appreciation bonds. The Series 2011 E Bonds were issued pursuant to an Indenture of Trust (the “Series 2011 E Indenture”) dated as of March 1, 2011, between the Former Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Series 2011 E Trustee”). The current interest Series 2011 E Bonds are currently outstanding in the aggregate principal amount of \$9,365,000.

The current interest Series 2011 E Bonds maturing on December 1, 2021, 2026 and 2031 (the “Defeased Series 2011 E Bonds”), in the aggregate outstanding principal amount \$2,195,000, will be economically defeased with funds on hand of the Successor Agency. On the date of issuance of the 2020 Series E Bonds, the Successor Agency will deposit \$2,343,388 from funds on hand of the Successor Agency with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “Series 2011 E Bonds Escrow Agent”), under an Escrow Agreement, for deposit into an escrow account (the “Series 2011 E Bonds Escrow Account”) to be held by the Series 2011 E Bonds Escrow Agent. The Series 2011 E Bonds Escrow Agent will invest a portion of the funds on deposit in the Series 2011 E Bonds Escrow Account in tax-exempt municipal securities and will hold the remainder in cash, uninvested. From the moneys on deposit in the Series 2011 E Bonds Escrow Account, the Series 2011 E Bonds Escrow Agent will pay the regularly scheduled debt service on the Defeased Series 2011 E Bonds through and including December 1, 2021, and on such date will redeem all of the remaining outstanding Defeased Series 2011 E Bonds at a redemption price equal to the principal amount hereof plus accrued and unpaid interest thereon.

The tax-exempt municipal securities to be purchased with funds to be deposited in the Series 2011 E Bonds Escrow Account will not meet the requirements for the discharge of the lien on tax increment revenues from the Interstate 215 Project Area, which revenues secure the Defeased Series 2011 E Bonds. As a result, notwithstanding the deposit of funds in the Series 2011 E Bonds Escrow Account, such lien will not be discharged, and the Defeased Series 2011 E Bonds will continue to be outstanding for purposes of the Series 2011 E Indenture, secured by a lien on Tax Revenues (as defined in the Agency Bonds Indenture for the 2020 Series E Indenture) on a parity with the 2020 Series E Bonds, with the exception of the pledge from the RPTTF funds, until redeemed in full on December 1, 2021.

The amounts held and invested by the Escrow Agent in the Series 2011 E Bonds Escrow Account are pledged solely to the payment of amounts due and payable by the Agency under the Series 2011 E Trustee with respect to the Defeased Series 2011 E Bonds. Neither the funds deposited in the Series 2011 E Bonds Escrow Account nor the interest on the invested funds will be available for the payment of debt service on any other bonds, including the Bonds or the Agency Bonds.

Refunding of Remaining Current Interest Series 2011 E Bonds. On the date of issuance of the 2020 Series E Bonds, a portion of the proceeds thereof will be transferred to the Series 2011 E Trustee for deposit into a separate escrow fund established for the Series 2011 E Bonds (the “Series 2011 E Refunding Escrow Fund”) under Irrevocable Refunding Instructions for the Series 2011 E Bonds (the “Series 2011 E Refunding Instructions”) delivered by the Successor Agency to the Series 2011 E Trustee. The Series 2011 E Trustee will invest a portion of the funds on deposit in the Series 2011 E Refunding Escrow Fund in federal securities and will hold the remainder in cash, uninvested. From the moneys on deposit in the Series 2011 E Refunding Escrow Fund, the Series 2011 E Trustee will pay the regularly scheduled debt service on the current interest Series 2011 E Bonds maturing on December 1, 2031 and 2040 in the aggregate principal amount of \$6,925,000 (the “Refunded Current Interest Series 2011 E Bonds”) through and including December 1, 2021, and on such date will redeem all of the remaining outstanding Refunded Current Interest Series 2011 E Bonds at a redemption price equal to the principal amount hereof plus accrued and unpaid interest thereon.

The amounts held and invested by the Series 2011 E Trustee in the Series 2011 E Refunding Escrow Fund are pledged solely to the payment of amounts due and payable by the Agency under the Series 2011 E

Trustee with respect to the Refunded Current Interest Series 2011 E Bonds. Neither the funds deposited in the Series 2011 E Refunding Escrow Fund nor the interest on the invested funds will be available for the payment of debt service on any other bonds, including the Bonds or the Agency Bonds.

On the date of issuance of the 2020 Series E Bonds, in addition to the Defeased Series 2011 E Bonds (which will be economically defeased, but not discharged under the terms of the Series 2011 E Indenture as described above), the portion of Series 2011 E Bonds which are capital appreciation bonds will also remain outstanding and payable on a party basis with the 2020 Series E Bonds. The accreted value of the Series 2011 E Bonds which are capital appreciation bonds is \$28,800,000 in aggregate and matures on December 1, 2041 through and including 2044, in the amount of \$7,200,000 annually. The capital appreciation Series 2011 E Bonds do not have a pledge of RPTTF funds. No other outstanding debt is payable on parity with the 2020 Series E Bonds. Below is a list of the Series 2011 E Bonds to be currently refunded, economically defeased and which will remain outstanding.

I-215 Corridor Series 2011 E Bonds

<u>Maturity</u>	<u>Outstanding Par Amount</u>	<u>Refunded Par Amount</u>	<u>CUSIP</u>
12/1/2021 ⁽¹⁾	\$ 505,000.00	--	769123LM0
12/1/2026 ⁽¹⁾	1,585,000.00	--	769123LN8
12/1/2031	2,205,000.00	\$1,855,000.00	769123LP3
12/1/2040	5,070,000.00	5,070,000.00	769123LQ1
12/1/2041 ⁽²⁾	7,200,000.00	--	769123LC2
12/1/2042 ⁽²⁾	7,200,000.00	--	769123LD0
12/1/2043 ⁽²⁾	7,200,000.00	--	769123LE8
12/1/2044 ⁽²⁾	7,200,000.00	--	769123LR9
Total	\$38,165,000.00	\$6,925,000.00	

⁽¹⁾ All or a portion of these maturities will be economically defeased with funds on hand of the Successor Agency.

⁽²⁾ Accreted value at maturity.

See "ESTIMATED SOURCES AND USES OF FUNDS" below. See also "OTHER INFORMATION – Verification of Mathematical Computations."

Verification of Mathematical Computations

The sufficiency of the deposits in the Escrow Funds for the Series 2011 D Bonds and Series 2011 E Bonds for those purposes will be verified by _____ (the "Verification Agent"). See "OTHER INFORMATION – Verification of Mathematical Computations." Assuming the accuracy of the Verification Agent's computations, as a result of the deposit and application of funds as provided in the Escrow Funds for the Series 2011 D Bonds, and Series 2011 E Bonds, except for the Defeased Series 2011 E Bonds, the Successor Agency's obligations under the 2011 Series D Indenture and 2011 Series E Indenture related to the Series 2011 D Bonds, and Series 2011 E Bonds, respectively, will be discharged.

Defeasance of Jurupa Valley Series 2011 B Bonds

The Successor Agency has approximately \$25,485,800 in unspent bond proceeds on hand, \$23,141,033 related to the 2011 B and B-T Bonds (Jurupa Project Area) (the "Series 2011 B Bonds). These unspent bond proceeds will be used to defease \$18.375 million of Series 2011 B Bonds to their first available bond redemption dates, being October 1, 2021 for the 2011 B Bonds issued as current interest bonds and October 1, 2024 for the Series 2011 B Bonds issued as convertible capital appreciation bonds. The total par value of Series 2011 B Bonds issued as current interest bonds to be defeased is \$12,810,000 plus interest to the date of redemption of \$841,950. The total par value of Series 2011 B Bonds issued as convertible capital appreciation bonds to be defeased is \$5,565,000 plus interest to the date of redemption of \$2,185,000. Any excess investment

earnings and other remaining funds will be applied to pay debt service on Series 2011 B Bonds which are capital appreciation bonds then outstanding. The following is a list of Series 2011 B Bonds to be economically defeased and the Series 2011 B Bonds to remain outstanding is shown below.

Jurupa Valley Series 2011 B Bonds

<u>Maturity</u>	<u>Outstanding Par Amount</u>	<u>Refunded Par Amount</u>	<u>CUSIP</u>
10/1/2020	\$ 1,125,000.00	--	769123JX9
10/1/2021 ⁽¹⁾	1,185,000.00	--	769123JY7
10/1/2025 ⁽¹⁾	5,535,000.00	--	769123JZ4
10/1/2027 ⁽²⁾⁽³⁾	3,280,000.00	--	769123KA7
10/1/2030 ⁽¹⁾	6,090,000.00	--	769123KB5
10/1/2031 ⁽²⁾⁽³⁾	2,285,000.00	--	769123KC3
10/1/2032 ⁽³⁾	2,470,000.00	--	769123JW1
10/1/2033 ⁽³⁾	2,470,000.00	--	769123LS7
10/1/2034 ⁽³⁾	2,465,000.00	--	769123LT5
10/1/2035 ⁽³⁾	2,470,000.00	--	769123LU2
10/1/2036 ⁽³⁾	2,185,000.00	--	769123LV0
10/1/2037 ⁽³⁾	2,190,000.00	--	769123LW8
10/1/2038 ⁽³⁾	14,715,000.00	--	769123LX6
10/1/2039 ⁽³⁾	14,200,000.00	--	769123LY4
10/1/2040 ⁽³⁾	13,645,000.00	--	769123LZ1
10/1/2041 ⁽³⁾	10,025,000.00	--	769123MA5
10/1/2042 ⁽³⁾	<u>10,025,000.00</u>	--	769123KD1
Total	\$96,360,000.00	\$0.00	

(1) All of these maturities will be economically defeased with funds on hand of the Successor Agency.

(2) All of these maturities will be legally defeased with funds on hand of the Successor Agency.

(3) Accreted value at maturity.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:

Par Amount of Bonds
Net Original Issue Premium
TOTAL SOURCES

Uses:

Deposit to Bond Purchase Fund:
Costs of Issuance⁽¹⁾
TOTAL USES:

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

2020 Series D **2020 Series E**

Sources:

Par Amount of Agency Bonds
Net Original Issue Premium
Less: Costs of Issuance⁽¹⁾
Plus funds on hand for Prior Bonds
TOTAL SOURCES:

Uses:

Deposit to 2011 Series D Escrow Fund
Deposit to 2011 Series E Escrow Fund
TOTAL USES:

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

ANNUAL DEBT SERVICE REQUIREMENTS OF THE BONDS

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

Fiscal Year Ending (July 1)	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
Total			

**AGGREGATE
ESTIMATED DEBT SERVICE COVERAGE**

<u>Fiscal Year</u>	2020		<u>Total Revenues*</u>	<u>Authority Bond Debt Service^{(1)*}</u>	<u>2020 Debt Service Coverage</u>
	<u>Series D Agency Bonds Debt Service^{(2)*}</u>	<u>Series E Agency Bonds Debt Service^{(2)*}</u>			
2019/20	\$152,371	\$213,924	\$ 366,295	\$ 366,295	1.0x
2020/21	429,199	389,797	818,996	818,996	1.0x
2021/22	423,854	392,552	816,406	816,406	1.0x
2022/23	423,351	390,131	813,482	813,482	1.0x
2023/24	422,349	392,542	814,890	814,890	1.0x
2024/25	420,968	389,720	810,688	810,688	1.0x
2025/26	418,895	391,650	810,546	810,546	1.0x
2026/27	426,419	393,328	819,747	819,747	1.0x
2027/28	417,992	424,631	842,623	842,623	1.0x
2028/29	419,279	784,740	1,204,019	1,204,019	1.0x
2029/30	419,966	783,166	1,203,132	1,203,132	1.0x
2030/31	420,032	780,578	1,200,610	1,200,610	1.0x
2031/32	419,458	776,947	1,196,404	1,196,404	1.0x
2032/33	413,222	782,242	1,195,464	1,195,464	1.0x
2033/34	416,484	781,078	1,197,562	1,197,562	1.0x
2034/35	414,040	773,895	1,187,935	1,187,935	1.0x
2035/36	415,067	778,783	1,193,850	1,193,850	1.0x
2036/37	410,504	772,475	1,182,979	1,182,979	1.0x
2037/38	410,547	770,370	1,180,918	1,180,918	1.0x
2038/39	-	342,269	342,269	342,269	1.0x
2039/40	-	335,112	335,112	335,112	1.0x
2040/41	-	332,755	332,755	332,755	1.0x
Total					

⁽¹⁾ Bond debt service is on a bond year basis.

⁽²⁾ For coverage of Agency Bonds. See Tables 10 and 18 herein.

Source: The Underwriter.

* Preliminary, subject to change.

THE BONDS

General

The Bonds will be dated as of the date of original delivery (the "Closing Date"), will bear interest at the rates per annum and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Bonds will be issued in fully registered form, without coupons, in the denomination of \$5,000 each or any integral multiple thereof. Interest on the Bonds is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2020 (each an "Interest Payment Date"). Principal of and premium, if any, on the Bonds is payable upon the surrender thereof at the corporate trust office of the Trustee in Los Angeles, California. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the registered owners as of the fifteenth day of the month preceding the Interest Payment Date (the "Record Date"). At the written request of an Owner of the Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, interest on the applicable Bonds shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request (any such written request shall remain in effect until rescinded in writing by the Owner). The principal of and premium (if any) on the Bonds shall be payable in lawful money of the United States of America by check or draft of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

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

Redemption of the Bonds

Optional Redemption. The Bonds maturing on or before July 1, ____ are not subject to optional redemption prior to maturity. The Bonds maturing on or after July 1, ____ are subject to redemption, at the option of the Authority (which may be at the direction of the Successor Agency) are subject to redemption, at the option of the Authority (which may be at the direction of the Successor Agency), on any date on or after July 1, ____ as a whole or in part, by such maturities as shall be determined by the Authority (based on the maturities of the Agency Bonds being redeemed) and by lot within a maturity from any available source of funds at a redemption price equal to the principal amount of Bonds to be redeemed together with accrued interest thereon to the date fixed for redemption, without premium.

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

Term Bonds Maturing July 1,

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

**Principal Amount
To be Redeemed
or Purchased**

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

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

Notice of Redemption; Rescission

The Trustee on behalf and at the expense of the Authority shall send (by first class mail, or, with respect to notices to be sent to DTC or its nominee, the Information Services or the Securities Depository by a transmission method that is acceptable to such entity) notice of any redemption to the Insurer, and to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Trust Office for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

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

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

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

Effect of Redemption

From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly 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 the Indenture shall be canceled by the Trustee.

SECURITY FOR THE BONDS

Special Obligations

The Bonds will be special obligations of the Authority, payable from and secured as to the payment of the principal thereof and the redemption premium, if any, and the interest thereon in accordance with their terms and the terms of the Indenture, solely from Revenues and funds on deposit in certain funds and accounts established under the Indenture. The Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of or redemption premium, if any, or interest on the Bonds except from the Revenues. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of or redemption premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal of or redemption premium, if any, or interest on the Bonds. The payment of the principal of or redemption premium, if any, or interest on the Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority.

Pledge of Revenues

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

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

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

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

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

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

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

No Reserve Fund

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

Additional Bonds

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

SECURITY FOR THE AGENCY BONDS

Pledge of Tax Increment

The 2020 Series D Bonds will be secured by a pledge of, security interest in and lien on Tax Revenues (as defined in the Agency Bonds Indenture pursuant to which such bonds are being issued and described herein) which generally consist of tax increment revenues generated within the Desert Communities Project Area and allocated to the Agency as described herein and subject to, the prior lien of outstanding Senior Bonds, Pass-Through Agreements and Statutory Pass-Through Obligations of the Agency relating to Desert Communities Redevelopment Project Area.

The 2020 Series E Bonds will be secured by a pledge of, security interest in and lien on Tax Revenues (as defined in the Agency Bonds Indenture pursuant to which such bonds are being issued and described herein) which generally consist of tax increment revenues generated within the Interstate 215 Corridor Redevelopment Project Area and allocated to the Agency as described herein and subject to, the prior lien of outstanding Senior Bonds, Pass-Through Agreements, certain owner participation agreements, and Statutory Pass-Through Obligations of the Agency relating to the Interstate 215 Corridor Project Area.

The Agency Bonds shall be also equally secured, on a parity with certain bonds previously issued by the Successor Agency as described in this Official Statement by the pledge and lien created with respect to the Agency Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited from time to time in the Redevelopment Property Tax Trust Fund and remaining after the payment of certain items payable on a basis senior to the Agency Bonds. The Agency Bonds are payable as set forth in the Agency Bonds Indentures, are not a debt of the County, the State of California or any other political subdivision of the State, and neither the State, the County nor any of the State's other political subdivisions are liable therefor, nor in any event shall the Agency Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Agency Bonds Indentures. The Agency Bonds have their own payment schedules which have been sized in the aggregate to pay debt service on the Bonds.

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

Pledge of Tax Revenues

Under the Agency Bonds Indentures, each series of Agency Bonds is secured by a (i) pledge of Tax Revenues from the Project Area to which they relate, subject to the prior and senior pledge of and security interest in and lien on such Tax Revenues in favor of the applicable Senior Bonds, and certain other amounts as described below. See Tables 11, 20 and 29, herein showing the projected Tax Revenues for each Project Area, and debt service coverage on the Agency Bonds. Tax Revenues (as defined in the applicable Agency Bonds Indenture for the 2020 Series D Bonds) which relate to the Desert Communities Project Area are pledged solely to the payment of debt service on the 2020 Series D Bonds, not the 2020 Series E Bonds. Tax Revenues (as defined in the applicable Agency Bonds Indenture for the 2020 Series E Bonds) which relate to the Desert Communities Project Area are pledged solely to the payment of debt service on the 2020 Series E Bonds, not the 2020 Series D Bonds.

“Tax Revenues” means all taxes annually allocated and paid to the Successor Agency with respect to the related Project Area following the Closing Date, pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State and other applicable State laws and as provided in the Redevelopment Plan, including all payments, subventions and reimbursements (if any) to the Successor Agency specifically attributable to ad valorem taxes lost by reason of tax exemptions and tax rate limitations (but excluding payments to the Successor Agency with respect to personal property within the Project Area pursuant to Section 16110 et seq. of the California Government Code); and including that portion of such taxes (if any) otherwise required by Section 33334.2 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the proceeds of the Agency Bonds and any Parity Debt (including applicable reserves and financing costs) used to finance or refinance the increasing or improving of the supply of low and moderate income housing within or of benefit to the Project Area, but excluding all other amounts of such taxes required to be deposited into the Low and Moderate Income Housing Fund and excluding investment earnings. Pursuant to the Dissolution Act, a portion of such taxes are no longer required to be deposited into the Low and Moderate Income Housing Fund pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Redevelopment Law (the “Prior Housing Deposit”), and, accordingly, such taxes shall exclude only the amount of the Prior Housing Deposit required to pay the Pro Rata Share of Housing Debt Service. Tax Revenues shall not include amounts payable by the Successor Agency under agreements entered into pursuant to Section 33401 of the Redevelopment Law, and amounts payable by the Successor Agency pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law (except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds, including any Parity Debt) and, for purposes of the 2020 Series E Bonds only, amounts required to be paid by the Successor Agency pursuant to Development Agreements.

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

“Housing Bonds” means, collectively, the following: (i) the Former Agency’s Redevelopment Agency for the County of Riverside 2004 Taxable Tax Allocation Housing Bonds, Series A-T, (ii) the Former Agency’s 2011 Taxable Tax Allocation Housing Bonds, Series A-T, (iii) the Successor Agency’s 2014 Tax Allocation Housing Refunding Bonds, Series A, (iv) the Successor Agency’s 2015 Tax Allocation Housing Refunding Bonds, Series A, (v) the Successor Agency’s 2017 Tax Allocation Housing Refunding Bonds, Series A, (vi) 2017 Taxable Tax Allocation Housing Refunding Bonds, Series A-T, (vii) 2017 Tax Allocation Housing Refunding Bonds, Series B, and (viii) any bonds issued to refund such bonds similarly secured by amounts which prior to the adoption of the Dissolution Act were required to be deposited into the Low and Moderate Income Housing Fund of the Former Agency pursuant to Sections 33334.2, 33334.3 and 33334.6 of the Law.

Subject to the prior and senior pledge of and security interest in and lien on the Tax Revenues in favor of the applicable Senior Bonds, the Agency Bonds and all Parity Debt, shall be secured by a pledge of, security interest in and lien on all of the Tax Revenues and all of the moneys on deposit in the Special Fund in the applicable Agency Bonds Indenture, as more fully described below under the caption “*Funds and Accounts Under Agency Indentures - Special Fund; Deposit of Tax Revenues.*” In addition, the Agency Bonds and all Parity Debt, shall, subject to certain provisions of the related Agency Bonds Indenture, be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, and the Redemption Account. The Agency Bonds and any other Parity Bonds hereafter issued that the Successor Agency elects shall be secured by a pledge of, security interest in and lien on all of the moneys in the applicable Reserve Account. Such pledge, security interest in and lien shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery.

The Agency Bonds shall be also equally secured by the pledge and lien created with respect to the Agency Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited or available for deposit from time to time in the Redevelopment Property Tax Trust Fund, provided, however, that such pledge and lien shall only be with respect to the amounts on deposit in the Redevelopment Property Tax Trust Fund after amounts on deposit therein have been set aside and reserved, in the manner required in the applicable indentures or other relevant documents, to pay (i) debt service on the other bonds of the Former Agency and the Successor Agency, including bonds issued for the benefit of other project areas of the Former Agency and bonds secured by the amounts required, prior to the Dissolution Act, to be deposited in the former low and moderate income housing fund of the Former Agency and (ii) amounts due pursuant to tax sharing agreements, owner participation agreements, development agreements and other similar agreements that are senior to the payment of the debt service on the Bonds and the bonds described in (i) above. For the avoidance of doubt, the Agency Bonds of each series are secured by the pledge and lien created with respect to the Agency Bonds by Section 34177.5(g) of the California Health and Safety Code on moneys deposited or available for deposit from time to time in the Redevelopment Property Tax Trust Fund to the extent set forth in the foregoing sentence on a parity basis with all refunding bonds issued by the Successor Agency, including without limitation

the Senior Bonds, unless otherwise specified in connection with the issuance of such refunding bonds. Except for the Tax Revenues and such moneys, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Agency Bonds. See "SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY - Other Project Areas," herein.

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

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

Low and Moderate Income Housing Set-Aside

Prior to the Dissolution Act, the Redevelopment Law required generally that redevelopment agencies set aside in a low and moderate income housing fund (the "Low and Moderate Income Housing Fund") not less than 20% of all tax revenues allocated to agencies from redevelopment project areas adopted after December 31, 1976, for authorized housing purposes. Prior to the passage of the Dissolution Act, the Former Agency issued several series of bonds (the "Housing Bonds") secured by the Low and Moderate Income Housing Fund. This 20% set-aside requirement was eliminated by the Dissolution Act; however, **the Housing Bonds have a prior lien on such amounts required to pay debt service on the Housing Bonds. The Agency had, as of October 2, 2019, \$161,406,807.00 in total principal outstanding secured by the Low and Moderate Income Housing Fund.** For purposes of the Tax Revenue projection, the Housing Bonds' debt service has been allocated proportionately to each of the Successor Agency's project areas based on each project area's Pro Rata Share of Housing Debt Service. See, "SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY - Allocation of Former Low and Moderate Income Housing Set-Aside." Excess amounts that would otherwise have remained in the Low and Moderate Income Housing Fund are available as Tax Revenues.

Assembly Bill 1290

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

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

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

See "SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – Pass-Through Agreements," and "– Statutory Tax Sharing Payments," for a further discussion of existing pass-through obligations of the Successor Agency.

Redevelopment Property Tax Trust Fund

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

Allocation of Taxes Subsequent to the Dissolution Act

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

Successor Agency's Recognized Obligation Payment Schedules as prepared from time to time under the Dissolution Act.

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

Recognized Obligation Payment Schedule

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

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

Commencing September 22, 2015, successor agencies which received a Finding of Completion and the concurrence of the DOF as to the items that qualify for payment, among other conditions, may at their option, file a "Last and Final" Recognized Obligation Payment Schedule. If approved by the DOF, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the DOF or the Oversight Board. The County Auditor-Controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the DOF and the County Auditor-Controller. The Successor Agency has not taken action to submit a Last and Final Recognized Obligation Payment Schedule and does not currently plan to submit a Last and Final Recognized Obligation Payment Schedule. 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 Agency Bonds Indentures, the Successor Agency has covenanted to comply with the Redevelopment Law and the Dissolution Act. Without limiting the generality of the foregoing, the Successor Agency covenants and agrees to file all required statements and hold all public hearings required under the Dissolution Act to assure compliance by the Successor Agency with its covenants under the Agency Bonds Indentures. Further, it promises to take all actions required under the Dissolution Act to include scheduled debt service on the Agency Bonds and any Parity Debt, all amounts required to be deposited in the Special Fund pursuant to the Agency Bonds Indentures, as well as any amount required under the Agency Bonds Indentures to replenish the respective Reserve Account and amounts due to the Insurer with respect to the Policy for the Bonds, the Reserve Policies, in the ROPS so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund on each January 2 and June 1 all amounts required to be deposited in the Special Fund and in the Parity Debt Special Funds (pursuant to the Indenture) which amounts will be used to pay debt service on the Agency Bonds and any Parity Debt and to pay all amounts due to the Insurer with respect to the Policy for the Bonds, and the Reserve Policies. These actions will include, without limitation, placing on the ROPS for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency in the Special Fund as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to comply with the Agency Bonds Indentures. The Successor Agency has also covenanted in the Agency Bonds Indentures to calculate the amount of Tax Revenues received during each six-month period, as described above, to ensure that Tax Revenues are properly credited to and deposited in the Retirement Fund and the Special Fund, as required by the Agency Bonds Indentures.

In the event the provisions set forth in the Dissolution Act as of the Closing Date of the Agency Bonds that relate to the filing of ROPS are amended or modified in any manner, the Successor Agency agrees to take all such actions as are necessary to comply with such amended or modified provisions so as to ensure the timely payment of debt service on the Bonds and, if the timing of distributions of the Redevelopment Property Tax Trust Fund is changed, the receipt of (i) Tax Revenues at such times and in such amounts as to comply with the requirements of the Agency Bonds Indenture by claiming and receiving all Tax Revenues for each Bond Year on January 2 of such Bond Year (to the extent Tax Revenues are available in such amounts) and, in the event such new procedures do not allow the Successor Agency to fully comply with the Agency Bonds Indenture, (ii) not less than one half of debt service due during each Bond Year on all Outstanding Bonds prior to April 1 of such Bond Year, and (iii) the remainder of debt service due during such Bond Year on all Outstanding Bonds prior to the next succeeding October 1.

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

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

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

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

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

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

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

Funds and Accounts Under Agency Indentures

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

1. The Special Fund (the "Special Fund");
2. The Debt Service Fund ("Debt Service Fund") and within such fund the following accounts:
 - (a) The Interest Account;
 - (b) The Principal Account;
 - (c) The Sinking Account;
 - (d) The Reserve Account, and the 2020 Series D Subaccount and the 2020 Series E Subaccount, as applicable; and
 - (e) The Redemption Account.
3. The Costs of Issuance Fund (the "Costs of Issuance Fund").

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

Special Fund; Deposit of Tax Revenues. Each Agency Bonds Indenture establishes a special fund known as the "2020 Desert Communities Redevelopment Project Area Special Fund," or "2020 Interstate 215 Corridor Redevelopment Project Area Special Fund," as applicable, which is held by the Successor Agency and which is herein referred to as the "Special Fund." Subject to the provisions of the Senior Indentures regarding the application of Tax Revenues, under the each Agency Bonds Indenture, the Successor Agency shall transfer all of the Tax Revenues (as defined in the respective Agency Bonds Indenture) received in any Bond Year ratably to the applicable Parity Debt Special Funds and to the Special Fund promptly upon receipt thereof by the Successor Agency, until such time during such Bond Year as the amounts (i) on deposit in the applicable Special Fund equal the aggregate amounts required to be transferred in such Bond Year into the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account established thereunder in such Bond Year pursuant to the Agency Bonds Indentures, and (ii) on deposit in the applicable Parity Debt Special Funds equal the aggregate amounts required to be transferred in such Bond Year pursuant to the applicable Parity Debt Instrument. If the amount of Tax Revenues (as defined in the respective Agency Bonds Indenture) available in any Bond Year shall be insufficient to deposit the full amount required to be deposited pursuant to subsections (i) and (ii), of this paragraph, then the Successor Agency shall transfer such Tax Revenues (as defined in the respective Agency Bonds Indenture) for deposit ratably based on the full amounts required to be so deposited.

All Tax Revenues (as defined in the respective Agency Bonds Indenture) received by the Successor Agency during any Bond Year in excess of (i) the amount required to be deposited as described in the preceding paragraph and (ii) amounts due and payable to the Insurer not described in the paragraph shall be released from the pledge, security interest and lien under the applicable Agency Bonds Indentures for the security of the applicable Agency Bonds and any additional applicable Parity Debt and may be applied by the Successor Agency for any lawful purpose of the Successor Agency, including but not limited to the payment of Subordinate Debt, or the payment of any rebate amounts due and owing to the United States of America. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the applicable Agency Bonds and the payment in full of all other amounts payable under the applicable Agency Bonds Indenture, and under any applicable Parity Debt Instrument, the Successor Agency shall not have any beneficial right or

interest in the moneys on deposit in the applicable Debt Service Fund, except as may be provided in the Agency Bonds Indentures and in any related Parity Debt Instrument.

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

Debt Service Fund; Transfer of Amounts to Trustee. The Agency Bonds Indentures each establish a special trust fund to be known as the “Debt Service Fund,” which shall be held by the Trustee under each Agency Bonds Indenture in trust. Moneys in the applicable 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 applicable Debt Service Fund, which accounts are hereby established, or continued, as applicable, with the Trustee to pay debt service on the applicable Agency Bonds and any applicable Parity Debt not otherwise provided for in a Parity Debt Instrument, as applicable, in the following order of priority:

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

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

(c) Sinking Account. On or before the sixth (6th) Business Day preceding each July 1 on which any Outstanding Agency Term Bonds become subject to mandatory redemption, or otherwise for purchases of Agency Term Bonds, the Successor Agency shall withdraw from the Special Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount

then contained in the Sinking Account, will be equal to the aggregate principal amount of the Agency Term Bonds required to be redeemed on such July 1. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the principal of the Agency Term Bonds as it shall become due and payable upon redemption or purchase.

(d) Reserve Account. Amounts on deposit in the 2020 Subaccount of the Reserve Account, which is established by the Indenture and which is to be held by the Trustee, shall be available to pay debt service only on the Agency Bonds and any other Parity Debt hereafter issued that the Successor Agency elects to be secured by the 2020 Subaccount of the Reserve Account. In the event that the Successor Agency elects to secure additional Parity Debt with the 2020 Subaccount of the Reserve Account, the Successor Agency shall establish subaccounts within the Reserve Account as needed. See APPENDIX D - "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS – Reserve Account" for provisions regarding replenishment of the Reserve Account.

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

Reserve Requirement. The "Reserve Requirement" is defined in each Agency Bonds Indenture to mean, with respect to the applicable Agency Bonds or any applicable Parity Debt as of any calculation date, the least of (i) ten percent (10%) of the original principal amount of the applicable Agency Bonds or applicable Parity Debt, as applicable, provided that if the original issue discount of the applicable Agency Bonds or Parity Debt exceeds 2% of such original principal amount, then initially ten percent (10%) of the original principal amount of, less original issue discount on, the applicable Agency Bonds or applicable Parity Debt, but excluding from such calculation any proceeds of applicable 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 applicable Agency Bonds or applicable Parity Debt, as applicable, or (iii) 125% of average Annual Debt Service on the Agency Bonds or Parity Debt, as applicable; provided further that the Successor Agency may meet all or a portion of the applicable Reserve Requirement by depositing a Qualified Reserve Account Credit Instrument meeting the requirements of the Agency Bonds Indentures. The calculation of the applicable Reserve Requirement may, at the option of the Successor Agency, be made with respect to the applicable Agency Bonds and any applicable Parity Debt, on a combined basis, as provided in the applicable Agency Bonds Indentures, provided that the Trustee shall establish separate subaccounts for the proceeds of the Agency Bonds and any such applicable Parity Debt to enable the Trustee to track the investment of the proceeds of the applicable Agency Bonds and applicable Parity Debt on an individual basis.

The Successor Agency has determined in the Agency Bonds Indentures to calculate the Reserve Requirement (i) for the 2020 Series D Bonds on a stand alone basis, and (ii) for the 2020 Series E Bonds on a stand alone basis.

Amounts on deposit in the 2020 Series D Bonds Reserve Account, including any draws under the Reserve Policy of the 2020 Series D Bonds, may be used only for the payment of debt service on the 2020 Series D Bonds, and will not secure any other bonds of the Successor Agency, including without limitation, the 2020 Series E Bonds. Amounts on deposit in the 2020 Series E Bonds Reserve Account, including any draws under the Reserve Policy of the 2020 Series E Bonds, may be used only for the payment of debt service on the 2020 Series E Bonds, and will not secure any other bonds of the Successor Agency, including without limitation, the 2020 Series D Bonds.

After the issuance of the 2020 Series E Bonds, a portion of the Series 2011 E Bonds which are capital appreciation bonds will remain outstanding and will be payable from Tax Revenues from the Interstate I-125 Project Area on a parity lien with the 2020 Series E Bonds. Such Series 2011 E Bonds are secured by the Series 2011 E Bonds Reserve Account. Amounts on deposit in the Series 2011 E Bonds Reserve Account may be used only for the payment of debt service on such Series 2011 E Bonds, and will not secure any other bonds of the Successor Agency, including without limitation, the 2020 Series E Bonds.

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

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

“Qualified Reserve Account Credit Instrument” means (i) the Reserve Policies, and (ii) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Agency Bonds Indentures, provided that all of the following requirements are met by the Agency at the time of delivery thereof to the Trustee: (a) S&P or Moody’s have assigned a long-term credit rating to such bank or insurance company is “A” or “A2,” respectively; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Requirement with respect to which funds are proposed to be released pursuant to the Agency Bonds Indentures; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Sinking Account for the purpose of making payments required pursuant to the Agency Bonds Indentures; and (e) prior written notice is given to the Insurer before the effective date of any such Qualified Reserve Account Credit Instrument.

See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS” for more complete descriptions of the reserve accounts established under the Agency Bonds Indentures and definitions of “Reserve Requirements,” “Maximum Annual Debt Service” and “Qualified Reserve Credit Instrument” therein.

With respect to the portions of the Reserve Requirement attributable to all outstanding bonds, the Agency has previously caused the Trustee to deposit cash or a Qualified Reserve Account Credit Instruments in the related Reserve Subaccounts, as follows:

TABLE 1
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Reserve Account Funding
For All Bonds of Desert Communities and I-215 Project Areas

	<u>Outstanding Debt</u> ⁽¹⁾	<u>Par Outstanding</u>	<u>Final Maturity</u>	<u>Cash Deposit</u>	<u>Credit Instrument</u>	<u>Stated Amount</u>	<u>Provider</u>
Desert Communities Project Area							
2014 Desert Community Series D Bonds	\$ 24,535,000		10/01/2037	-	Surety Policy	\$2,472,077	AGM
2015 Desert Community Series D Bonds	12,115,000		10/01/2037	-	Surety Policy	1,144,000	AGM
2016 Desert Communities Series D Bond	45,795,000		10/01/2037	-	Surety Policy	3,790,700	BAM
2017 Desert Communities Series D Bonds ⁽²⁾	27,425,000		10/01/2037	\$ 2,152,700.00	Surety Policy	116,200	BAM
Total	\$109,870,000			\$ 2,152,700.00	Surety Policy	\$7,522,977	
I-215 Corridor Project Area							
2011 Interstate 215 Corridor Series E Bond	\$ 3,799,720		12/01/2044	\$ 3,799,720.00 ⁽³⁾			
2014 Interstate 215 Corridor Series E Bonds	14,570,000		10/01/2037	1,467,712.64			
2015 Interstate 215 Corridor Series E Bonds	16,335,000		10/01/2037	1,036,799.86			
2016 Interstate 215 Corridor Series E Bonds	19,720,000		10/01/2037	-	Surety Policy	\$1,582,650	BAM
2017 Interstate 215 Corridor Series E Bonds	46,925,000		10/01/2040	4,467,124.07			
Total	\$101,349,720			\$10,771,356.52		\$1,582,650	

⁽¹⁾ Prior Bonds to be refunded are not shown in the table above.

⁽²⁾ 2017 Desert Communities debt service reserve allocable to 2006 Desert Communities Bonds was funded with a surety bond.

⁽³⁾ The Reserve Fund for the Series 2011 E Bonds not refunded defeased will not be replaced with a Reserve Policy but will remain in invested in securities permitted under the 2011 Series E Indenture.

Source: Successor Agency.

The Qualified Reserve Account Credit Instrument and Cash Deposits identified on Table 1 above deposited with respect to Outstanding Parity Debt are not available to pay the Agency Bonds. Likewise, the 2020 Series D Reserve Subaccount is not available to pay debt service on the 2020 Series E Bonds or Outstanding Desert Communities Parity Debt; nor are the amounts on deposit in the 2020 Series E Reserve Subaccount available to pay debt service on the 2020 Series D Bonds or Outstanding I-215 Corridor Parity Debt. However, as discussed above, funds in the 2020 Series D Reserve Subaccount and the 2020 Series E Reserve Subaccount may secure any Parity Debt related to such Project Area, hereafter issued by the Successor Agency, which the Successor Agency elects to be secured by such respective subaccounts.

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

Municipal Bond Debt Service Reserve Insurance Policy

[To Come]

Additional Agency Bonds

Parity Refunding Bonds can be issued for the Senior Bonds under the respective Senior Bond Indentures so long as debt service savings is achieved in every bond year. Such a refunding would be senior to the 2020 Series D Bonds and the 2020 Series E Bonds.

Issuance of Additional Agency Parity Debt. The Agency has covenanted to not issue any obligations payable from Tax Revenues on a senior basis to the Agency Bonds and the Parity Bonds. The Series 2011 E Bonds which remain outstanding cannot be refunded on a basis senior to the Agency Bonds. The Agency Bonds Indentures provide that the Successor Agency may issue or incur additional Parity Debt, solely for the purpose of refunding the Agency Bonds and any Parity Debt, subject to the conditions summarized in part below:

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

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

With respect to the I-215 Corridor Project Area in determining the amount of Tax Revenues for any future Fiscal Year, (i) if any single property owner owns property within the Project Area with an assessed value totaling more than five percent (5%) of the total assessed value in the Project Area, the Successor Agency shall disregard the assessed value in excess of five percent (5%) of the total assessed

value in determining the Tax Revenues, and (ii) the Successor Agency shall increase the Tax Revenues for the future Fiscal Years by adding thereto amounts which at the time of calculation are payable by the Successor Agency under the Development Agreements but which cease to be so payable for such future Fiscal Years.

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

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

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

See Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS.”

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

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

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

See Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS.”

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

The Agency

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

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

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

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

<u>Member</u>	<u>Term Expires</u>
Kevin Jeffries	January 2021
Karen Spiegel	January 2022
Chuck Washington	January 2021
V. Manuel Perez	January 2022
Jeff Hewitt	January 2022

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 Countywide Oversight Board is governed by a seven-member governing board, with one County Supervisor, one member appointed from the public, one member from the largest employee organization, one member appointed by the Independent Special District Committee, one member appointed by California Community Colleges, one member appointed by the City Selection Committee, and one member appointed by the County Office of Education.

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 all Redevelopment Agencies in the County and meets on an as-needed basis throughout the year. For example, the establishment of each ROPS must be approved by the Oversight Board

prior to its submittal to the Department of Finance. 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 DOF. Certain Successor Agency matters are also subject to review by the County Auditor-Controller and the State Controller.

Pass-Through Agreements

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

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

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

All Section 33401 pass-through payments are calculated and made by the Auditor-Controller on the Agency's behalf. The Agency's contractual pass through payments pursuant to Section 33401 are senior to the Bonds. See APPENDIX A – "REPORT OF FISCAL CONSULTANT."

Statutory Tax Sharing Payments

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

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

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

Property Taxes and Inflation Rates

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

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

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

Historical Inflation Adjustment Factors

<u>Fiscal Year</u>	<u>Inflation Adj. Factor</u>
2014-15	0.454
2015-16	1.998
2016-17	1.525
2017-18	2.000
2018-19	2.000
2019-20	2.000
2020-21	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.

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 RPTTF 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.

Financial Statements

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

Allocation of Former Low and Moderate Income Housing Set-Aside

The projections of tax increment revenues and Tax Revenues pledged to repay the Bonds, for each series of the Agency, are shown under the discussion of each Project Area. A portion of tax increment that would have been deposited in the Former Agency's Low and Moderate Income Housing Set-Aside is pledged to the repayment of the Housing Bonds of the Former Agency and Successor Agency. The Housing Bonds are payable from the former Low and Moderate Income Housing Set-Aside of all of the redevelopment project areas of the Former Agency. Each Project Area is responsible for its Pro Rata Share of Housing Debt Service. Reductions in assessed value in any other project area can have the result of increasing the Pro Rata Share of Housing Debt Service in each Project Area, in particular, energy facilities in the Mid-County Redevelopment Project Area and the I-215 Corridor Project Area, have had large reductions in assessed value as directed by the State Board of Equalization. A significant decrease in the assessed value of such a large property owner could result in reducing tax increment in the related project area. A reduction in another project area's assessed value could increase each of the Project Area's Pro Rata Share of Housing Debt Service and result in a corresponding reduction in the amount of Tax Revenues available to pay debt service on the Bonds.

Plan Limitations

In 1993, the California Legislature enacted AB 1290. Among the changes to the Redevelopment Law accomplished by AB 1290 was a provision which limits the period of time for incurring and repaying loans,

advances and indebtedness which are payable from tax increment revenues. In general, a redevelopment plan may terminate not more than 40 years following the date of original adoption, and loans, advances, and indebtedness may be repaid during a period extending not more than 10 years following the date of termination of the redevelopment plan.

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

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

Current Issues with Department of Finance

During review of the approving resolution for the defeasance and refunding of a portion of the Series 2011 E Bonds, the partial defeasance of the Series 2011 B Bonds, and the approval of the 2019-20 ROPS A, the Department of Finance has made an inquiry to the Successor Agency regarding the use of bond proceeds subsequent to 2011 from the Series 2011 B Bonds and Series 2011 E Bonds. After assembly Bill X1 26 was adopted in 2011, there have been amendments in 2012 (AB 1484) and in 2015 (AB 107), which constitute the Dissolution Act. In its correspondence to the Successor Agency, the Department of Finance has suggested that the level of expenditures of the bond proceeds from the proceeds of the Series 2011 B and Series 2011 E Bonds for redevelopment activities may have been improper under the provisions of the Dissolution Act and subsequent legislation. The Former Redevelopment Agency had spent approximately \$11 million from Series 2011 B and Series 2011 E Bonds proceeds on outstanding contractual obligations to provide funds for redevelopment activities which may be at issue with the Department of Finance. The Successor Agency is uncertain as to any action that the Department of Finance may take, including any action to restore the funds from either the Successor Agency or the County.

Other Project Areas

There are a total of 5 active redevelopment project areas administered by the Successor Agency. **NONE OF THE TAX REVENUE GENERATED FROM PROPERTY LOCATED IN A PROJECT AREA IS DIRECTLY PLEDGED TO PAY DEBT SERVICE ON ANY OTHER PROJECT AREA.** However, pursuant to Section 34177.5(g) of the Dissolution Act, bonds issued by a successor agency, including the Successor Agency, are secured by a pledge and lien on all moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. See "SECURITY FOR THE BONDS – Pledge of Revenues," herein. Such pledge and lien is subordinate to any existing pledges or Agency liens on such tax revenues. Accordingly, tax revenue generated from property located in one of the other project areas administered by the Successor Agency, subject to existing liens and priority claims, is available to pay debt service on the Agency Bonds, if available pursuant to paragraph (2) of subdivision (a) of Section 34183 and Section 34177.5(g) of the Dissolution Act.

All of the Successor Agency's bonds issued after 2014 including the proposed Series 2011 D Bonds and Series 2011 E Bonds, have the pledge of residual Redevelopment Property Tax Trust Fund funds, and future tax allocation bonds of the Successor Agency are expected to be secured, in part, by the residual amounts remaining in the Redevelopment Property Tax Trust Fund. This pledge of residual amounts in the Redevelopment Property Tax Trust Fund is only available after the payment of all senior enforceable obligations, and will continue to be spread among the five project areas of the Successor Agency, not including pass through and administrative costs, as existing tax allocation bonds of the Successor Agency are refinanced.

Table 2A below sets forth the residual tax revenues which were used to pay enforceable obligations or distributed to taxing entities for each fiscal year since Fiscal Year 2011-12.

As the Successor Agency continues to wind down its affairs pursuant to the Dissolution Act, residual Redevelopment Property Tax Trust Fund revenues are expected to increase as enforceable obligations are retired. Table 2B below shows the aggregate debt service on bonds of the Successor Agency for all project areas. The aggregate outstanding debt service of all bonds of all project areas of the Successor Agency is shown in Appendix I hereto. See APPENDIX I - "OUTSTANDING DEBT SERVICE OF SUCCESSOR AGENCY BY PROJECT AREA."

**TABLE 2A
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Redevelopment Project Areas
Historical Residual Redevelopment Property Tax Trust Fund Revenues⁽¹⁾**

Fiscal Year	ROPS Filed	Property Tax Deposits (RPTTF)	County			Available for Enforceable Obligations	Debt Service and Non-Administrative Obligations		Excess RPTTF Revenue
			Administrative Distributions	Passthrough Distributions			Administrative Obligations	Administrative Obligations	
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	
2017-18	ROPS 17-18B and 18-19A	125,353,938	1,337,922	31,534,660	92,481,356	57,481,509	1,294,212	33,705,635	
2018-19	ROPS 18-19B and 19-20A	130,018,969	1,200,191	33,076,467	95,742,311	52,841,192	2,330,598	40,570,521	

⁽¹⁾ RPTTF deposits include interest, supplemental revenue, debt service levy and other revenue. Debt service levy collections included in Property Tax Deposits for FY 2013-14 were offset by matching Passthrough Distributions.
Source: Riverside County Auditor Controller.

The total annual amount of tax increment for all project areas in 2019-20 is expected to be \$137,561,662.00, exclusive of revenue from unitary, supplemental and escape assessments and interest (See Appendix A – FISCAL CONSULTANT’S REPORT – Historical Assessed Valuation). Payments on the aggregate bonded debt service of the Successor Agency are \$51,181,070.00.

TABLE 2B
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
All Redevelopment Project Areas
Remaining Aggregate Bonded Debt Service

<u>Bond Year⁽¹⁾</u>	
2019/20	\$ 51,181,069
2020/21	51,174,198
2021/22	51,035,621
2022/23	51,028,387
2023/24	51,025,002
2024/25	51,008,086
2025/26	51,008,617
2026/27	50,995,913
2027/28	50,896,457
2028/29	50,889,845
2029/30	50,881,089
2030/31	50,875,519
2031/32	50,884,113
2032/33	50,886,888
2033/34	50,985,788
2034/35	51,010,501
2035/36	51,564,026
2036/37	51,248,294
2037/38	30,095,438
2038/39	29,304,500
2039/40	28,328,213
2040/41	22,125,650
2041/42	22,123,400
2042/43	7,200,000
2043/44	<u>7,200,000</u>
Total	\$1,064,956,614

⁽¹⁾ Bond Year is October 2nd through October 1st.

DESERT COMMUNITIES REDEVELOPMENT PROJECT AREA

General

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

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

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

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

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

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

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

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

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

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

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

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

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

Airports. The Airports Sub-Area consists of six general aviation airports with a combined acreage of 6,366. The following is a brief description of each of the airports. All of the airports with the exception of Flabob Airport are owned by the County. It should be noted that the Jacqueline Cochran Regional Airport (formerly known as Desert Resorts Regional Airport, and previously Thermal Airport) is within the boundaries of the Thermal Sub-Area.

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

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

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

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

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

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

Largest Taxpayers in the Project Area

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

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

TABLE 3
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Desert Communities Redevelopment Project Area
10 Largest Taxpayers by Assessed Value
(Fiscal Year 2019-20)

<u>Property Owner</u>	<u>Secured and Utility</u>	<u>Unsecured</u>	<u>Total⁽¹⁾</u>	<u>Percent of Total</u>	<u>Sub-Area</u>
JTM LAND CO	\$ 63,564,640	\$ -	\$ 63,564,640	2.0%	Thermal
SUNRISE LQ	60,243,635	-	60,243,635	1.9	Thermal
LENNAR	31,705,552	-	31,705,552	1.0	Thermal
LUCKY STORES INC	25,857,380	-	25,857,380	0.8	Palm Desert Country Club
CORAL OPTION 1	24,038,050	-	24,038,050	0.7	Thermal
TOWER ENERGY GROUP	17,883,673	-	17,883,673	0.6	Thermal
TE CONNECTIVITY CORP	-	16,242,799	16,242,799	0.5	Airports - Hemet-Ryan
TOLL BROTHERS	13,530,000	-	13,530,000	0.4	Thermal
RALPHS GROCERY CO	11,390,784	1,000,000	12,390,784	0.4	Palm Desert Country Club
CAPISTRANO LOTS	11,981,884	-	11,981,884	0.4	Thermal
Total, Top Ten:	\$ 260,195,598	\$17,242,799	\$ 277,438,397	8.6%	
Total, Top Twenty:	342,165,732	27,685,915	369,851,647	11.5	
Total, Top Hundred:	645,971,974	49,407,204	695,379,178	21.6	
Totals for the Area:	\$3,133,186,705	\$89,198,097	\$3,222,384,802	100.0%	

⁽¹⁾ Table excludes sub-areas that did not generate tax increment in fiscal year 2019-20, which are North Shore and Amend 2 (100 Palms/Oasis).
Source: County Assessor; Urban Analytics.

Successor Agency Indebtedness

In addition to the Bonds, the Agency currently has the following outstanding indebtedness (see APPENDIX C - "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2019" hereto for additional information relating to the payment of indebtedness of the Agency):

A description of outstanding indebtedness of the Agency, other than the 2020 Series D Bonds, as of January 2, 2020 as follows:

TABLE 4
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Desert Communities Redevelopment Project Area
Summary of Outstanding Debt
(As of January 2, 2020)

	Balance <u>January 2, 2020</u>
Bonds:	
2011 Bonds ⁽¹⁾⁽²⁾	\$ 5,285,000
2014 Bonds	24,535,000
2015 Bonds	12,115,000
2016 Bonds	45,795,000
2017 Bonds	<u>27,425,000</u>
Total	\$115,155,000

⁽¹⁾ To be refunded. See "PLAN OF FINANCE – Refunding of Desert Communities 2011 Bonds," herein.

⁽²⁾ Payable on a Subordinate basis.

Source: County of Riverside.

Assessed Valuation

The year-over-year changes in assessed valuation shown in the table below are not representative of actual valuation trends, as the assessed valuation of sub-areas generating negative tax increment in a given year are removed from the table, as described in the footnote. The base year value is 66.98% of the total taxable value in the Desert Communities Project Area for 2019-20. Table 5 sets forth Desert Communities Project Area assessed valuations for the past five fiscal years.

TABLE 5
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Desert Communities Redevelopment Project Area
Historical Assessed Values
(Fiscal Years 2015-16 through 2019-20)

Roll	2015-16	2016-17	2017-18	2018-19	2019-20
Secured ⁽¹⁾					
- Land	\$1,032,449,906	\$1,084,617,571	\$1,131,134,229	\$1,168,669,291	\$1,207,842,068
- Improvements	1,550,464,803	1,654,340,351	1,725,935,825	1,816,270,588	1,955,807,128
- Personal Property	7,070,611	6,206,300	5,363,395	4,866,597	5,242,538
- Exemptions	(27,679,798)	(29,715,158)	(28,498,035)	(34,971,477)	(35,954,832)
Secured Total	\$2,562,305,522	\$2,715,449,064	\$2,833,935,414	\$2,954,834,999	\$3,132,936,902
Unsecured					
- Land	\$ 23,078	\$ 23,078	\$ 23,618	\$ 23,618	\$ 23,464
- Improvements	25,424,570	28,373,360	27,519,323	26,803,321	28,406,771
- Personal Property	49,891,186	54,450,452	61,395,504	56,860,978	60,820,897
- Exemptions	26,500	(33,600)	(61,192)	(61,192)	(53,035)
Unsecured Total	\$ 75,365,334	\$ 82,813,290	\$ 88,877,253	\$ 83,626,725	\$ 89,198,097
Utility					
- Land	\$ 79,061	\$ 79,061	\$ 79,061	\$ 249,803	\$ 249,803
- 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	\$ 249,803	\$ 249,803
Totals:	\$2,637,749,917	\$2,798,341,415	\$2,922,891,728	\$3,038,711,527	\$3,222,384,802
Totals, All Sub-Areas ⁽¹⁾	2,763,729,358	\$2,933,900,645	3,074,925,198	3,194,485,692	3,380,939,529
Percent Change	5.37%	6.16%	4.93%	3.89%	5.84%
Plus: HOPTR AV ⁽²⁾	\$ 11,040,718	\$ 11,204,860	\$ 11,392,920	\$ 11,457,891	\$ 11,486,344
Less: Base AV	215,826,617	215,826,617	215,826,383	215,826,617	215,826,617
Incremental AV:	\$2,432,964,018	\$2,593,719,658	\$2,718,458,265	\$2,834,342,801	\$3,018,044,529
Incremental Revenue (1%)	\$ 24,329,640	\$ 25,937,197	\$ 27,184,583	\$ 28,343,428	\$ 30,180,445

⁽¹⁾ 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.

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

Source: Urban Analytics.

Proposition 8 Assessment Reductions and Restorations

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

The Assessor annually reports on the number of assessments by city and unincorporated area subject to Proposition 8 reductions, and the amount of Proposition 8 reductions (these figures are reported by tax rate district rather than by sub-area and include areas outside of the Desert Communities Project Area). The Assessor reports 7,741 properties reduced through Proposition 8 in Fiscal Year 2019-20 in the principal tax rate districts within the Desert Communities Project Area with \$1,354,681,799 in reduced valuation. This compares to 8,349 properties and \$1,632,904,637 in Proposition 8 reductions in Fiscal Year 2018-19 and 9,999 properties and \$1,737,787,558 in Proposition 8 reductions in Fiscal Year 2017-18. While these figures include properties outside of the Desert Communities Project Area, they indicate that Proposition 8 reductions have significantly decreased in value for Fiscal Years 2015-16 to 2019-20. Additionally, based upon a sampling of individual parcels in the Project Area, the Fiscal Consultant concluded that it is likely that a substantial portion of the increase in secured assessed valuation of the Desert Communities Project Area is due to the restoration of assessed valuation of properties that had previously been reduced due to Proposition 8. The Assessor does not indicate on the rolls that parcels are subject to Proposition 8.

Assessed Valuation Appeals

There are currently 49 pending appeals within the Desert Communities Project Area. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals.

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

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

<u>Roll Year</u>	<u>Owner Name⁽¹⁾</u>	<u>Status</u>	<u>County Valuation</u>	<u>Applicant Opinion of Value</u>	<u>Valuation After Appeal</u>
2018-19	RALPHS GROCERY CO	1 Pending	\$ 3,438,733	\$ 2,977,492	-
2018-19	TOWER ENERGY GROUP	2 Pending	918,000	300,000	-
2017-18	RALPHS GROCERY CO	1 Pending	3,491,328	511,000	-
2017-18	RICHARD BAGDASARIAN INC	1 Resolved	13,400,954	10,000,000	\$13,400,954
2017-18	TOWER ENERGY GROUP	1 Resolved	2,742,168	1,782,000	2,742,168
2015-16	RALPHS GROCERY CO	1 Resolved	3,541,019	910,230	3,541,019

⁽¹⁾ Appeals filed on properties owned by the ten largest owners for 2019-20. Data is current as of December 18, 2019.
Source: Riverside County Assessor.

The following table shows the amount of assessed value that is presently under appeal within the Desert Communities Project Area and the estimated reduction of value that has been factored into the projections for 2019-20. The assessment appeals data below reflects appeals filed for Fiscal Years 2010-11 through 2017-18. The disputed amounts will be resolved in the appeals process and some portion of those amounts may be adjusted. To provide some indication of the proportion of valuation upheld on appeal, Table 7 provides information on resolved appeals filed in previous years in the Desert Communities Project Area. Overall, the 820 appeals settled in the Desert Communities Project Area during the Fiscal Year 2010-11 to Fiscal Year 2019-20 period resulted in reductions in valuation of \$22.5 million out of \$820.1 million in enrolled valuation subject to appeals, or around 3%. The overall retention rate has been calculated by the Fiscal Consultant to be approximately 97% of the original valuation.

Applying the 97% retention rate for resolved appeals to the appeals indicates a potential valuation reduction of \$1.3 million or approximately \$13,000 in tax revenue. If the full amount of disputed valuation were granted, the reduction in valuation would be \$148,000 million or approximately \$148,000 in tax revenue. As both estimates include properties with appeals in multiple years, it is not necessarily an indication of equivalent resolution as to assessed valuation of such properties in subsequent years, and no assumptions are made regarding any potential appeal-related adjustments to assessed value.

TABLE 7
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Desert Communities Redevelopment Project Area
Assessment Appeals
Fiscal Year 2019-20

<u>Roll Year</u>	<u>Status⁽¹⁾</u>	<u>Number of Appeals</u>	<u>County Valuation</u>	<u>Applicant Opinion of Value</u>	<u>Valuation After Appeal</u>	<u>Retention Rate⁽²⁾</u>
2019-20	Resolved	1	1,942,854	700,000	1,942,854	-
2019-20	Pending	12	11,620,965	13,039,000	TBD	TBD
2018-19	Resolved	22	24,332,072	15,505,815	24,044,546	99%
2018-19	Pending	19	23,747,063	14,663,042	TBD	TBD
2017-18	Resolved	38	51,988,011	35,611,869	51,024,361	98%
2017-18	Pending	11	6,864,763	2,349,941	TBD	TBD
2016-17	Resolved	44	44,279,686	30,483,497	44,237,686	100%
2016-17	Pending	5	1,221,342	700,734	TBD	TBD
2015-16	Resolved	49	51,537,625	28,061,610	51,158,125	99%
2015-16	Pending	1	560,067	270,000	TBD	TBD
2014-15	Resolved	65	67,458,139	44,443,494	67,163,635	100%
2014-15	Pending	-	-	-	-	-
2013-14	Resolved	61	65,932,312	36,651,132	63,978,544	97%
2013-14	Pending	-	-	-	-	-
2012-13	Resolved	99	110,314,877	67,261,908	104,156,107	94%
2012-13	Pending	-	-	-	-	-
2011-12	Resolved	161	181,838,099	111,663,461	176,287,703	97%
2011-12	Pending	1	1,920,031	120,000	TBD	TBD
2010-11	Resolved	280	220,467,845	135,889,902	213,551,317	97%
2010-11	Pending	-	-	-	-	-
All Years	Resolved	820	820,091,520	506,272,688	797,544,878	97%
All Years	Pending	49	45,934,231	31,142,717	TBD	TBD

⁽¹⁾ Data is current as of December 18, 2019.

⁽²⁾ Retention Rate is the proportion of value retained after resolution of an appeal. The rate is calculated by dividing the "Valuation After Appeal" into the "County Valuation." For withdrawn and denied appeals, the "Valuation After Appeal" is the original County valuation. Table excludes the following sub-areas that did not generate tax increment in fiscal year 2018-19: North Shore and Amend 2 (100 Palms/Oasis).

Source: County Assessor; Urban Analytics.

Property Value by Land Use

Taxable values in the Desert Communities Project Area are diversified with residential property values making up 67.7% of all value. Industrial uses account for 3.8% of the Desert Communities Project Area taxable values and commercial uses account for 10.1%. Together, these three land use categories account for 80.9% of all taxable value in the Desert Communities Project Area.

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

TABLE 8
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Desert Communities Redevelopment Project Area
Land Use Statistics
(Fiscal Year 2019-20)

<u>Land Use</u>	<u>Secured AV⁽¹⁾</u>	<u>Percent of AV</u>	<u>Number of Parcels</u>	<u>Percent of Parcels</u>	<u>Acres⁽²⁾</u>	<u>Percent of Acres</u>
Secured:						
Agricultural	\$ 268,703,895	8.3%	487	5.1%	5,532	20.1%
Commercial	326,930,899	10.1	580	6.1	-	70.0
Industrial	122,927,640	3.8	103	1.1	169	0.6
Single-Family Resident	2,120,773,713	65.8	4,220	44.2	635	2.3
Condominiums	1,116,138	0.0	2	0.0	-	0.0
Other Residential	60,462,057	1.9	562	5.9	184	0.7
Vacant	226,144,572	7.0	2,569	26.9	1,705	6.2
Other ⁽³⁾	5,877,989	0.2	14	0.1	47	0.2
Utility	249,803	0.0	1	0.0	NA	NA
Unsecured	<u>89,198,097</u>	<u>2.8</u>	<u>1,015</u>	<u>10.6</u>	<u>NA</u>	<u>NA</u>
Total	\$3,222,384,802	100.0%	9,553	100.0%	-	100.0%

(1) Valuations include homeowner's exemptions, which is 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.

(3) The category of "Other" includes several airport properties. Table excludes the following sub-areas that did not generate tax increment in fiscal year 2019-20: North Shore and Amend 2 (100 Palms/Oasis).

Source: County Assessor; Urban Analytics.

Volatility Ratio

The volatility ratio proportion of total assessed valuation accounted for by the base year valuation, and reflects the degree of exposure of tax increment to changes in total valuation. A high volatility ratio indicates that a small percentage change in overall assessed valuation would cause a disproportionately large percentage change in tax increment, while a low volatility ratio suggests that a percentage change in overall assessed valuation would cause a similar percentage change in tax increment. Recently-formed redevelopment areas tend to have a high volatility ratio as their total assessed valuation remains close to the base year valuation; their volatility ratio decreases as assessed valuation grows. The volatility ratio for the Desert Communities Project Area is 0.07%.

Desert Communities Redevelopment Project Area Estimated Revenues and Bond Retirement

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

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

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

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

(3) Tax increment revenue is projected to increase at an annual growth rate of 2.00% for fiscal year 2019-20 and subsequent years. Table 9 excludes North Shore and 100 Palms/Oasis Sub-Areas, which do not generate tax increment. Unitary tax revenue is projected to remain constant. Unsecured property and personal property assessed values are projected to remain constant throughout.

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

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

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

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

(8) Contractual pass through payments are senior to the 2020 Series D Bonds according to agreements described under "SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY – Pass-Through Agreements," herein.

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

TABLE 9
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Desert Communities Redevelopment Project Area
Estimated Tax Increment Revenues⁽¹⁾
Fiscal Years 2019-20 through 2041-42

<u>Fiscal Year</u>	<u>Gross Tax Increment</u>	<u>Sub-Area Share of Housing Debt Service</u>	<u>All-Passthrough Payments</u>	<u>Other Senior-Obligations</u>	<u>Net Tax Increment</u>
2019/20	\$30,441,526	\$(2,690,133)	\$ (8,384,031)	\$(285,453)	\$19,081,910
2020/21	31,069,412	(2,680,369)	(8,573,627)	(291,341)	19,524,076
2021/22	31,709,856	(2,641,005)	(8,767,015)	(297,346)	20,004,490
2022/23	32,363,109	(2,633,688)	(8,964,271)	(303,472)	20,461,678
2023/24	33,029,427	(2,626,220)	(9,165,472)	(309,720)	20,928,015
2024/25	33,709,071	(2,619,789)	(9,370,697)	(316,093)	21,402,492
2025/26	34,402,308	(2,611,703)	(9,580,026)	(322,594)	21,887,984
2026/27	35,109,409	(2,604,982)	(9,793,542)	(329,224)	22,381,660
2027/28	35,830,653	(2,570,068)	(10,011,329)	(335,987)	22,913,269
2028/29	36,566,322	(2,564,483)	(10,233,471)	(342,886)	23,425,482
2029/30	37,316,704	(2,558,691)	(10,465,985)	(349,922)	23,942,105
2030/31	38,082,094	(2,550,400)	(10,703,150)	(357,099)	24,471,444
2031/32	38,862,791	(2,546,471)	(10,945,057)	(364,420)	25,006,843
2032/33	39,659,102	(2,538,997)	(11,191,803)	(371,887)	25,556,415
2033/34	40,471,340	(2,558,072)	(11,443,484)	(379,504)	26,090,281
2034/35	41,299,822	(2,553,426)	(11,700,198)	(387,272)	26,658,926
2035/36	42,144,874	(2,547,722)	(11,962,047)	(395,197)	27,239,909
2036/37	43,006,827	(2,541,547)	(12,229,133)	(403,279)	27,832,869
2037/38	43,886,020	(1,565,125)	(12,508,235)	(411,523)	29,401,136
2038/39	44,782,796	(1,517,414)	(12,792,919)	(419,933)	30,052,530
2039/40	45,697,507	(1,425,918)	(13,083,406)	(428,510)	30,759,673
2040/41	46,630,513	(1,023,107)	(13,379,703)	(437,259)	31,790,444
2041/42	47,582,179	(1,020,778)	(13,681,926)	(446,183)	32,433,292
2042/43	48,552,878	-	(13,990,193)	(455,285)	34,107,400
2043/44	49,542,991	-	(14,304,711)	(464,569)	34,773,710
2044/45	50,552,906	-	(14,625,589)	(474,039)	35,453,278

⁽¹⁾ See prior page for assumptions used in projections.
Note: Tax increment revenue is projected at a 2% annual growth rate.
Source: Urban Analytics, LLC.

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

TABLE 10
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Desert Communities Redevelopment Project Area
Estimated Debt Service Coverage
Fiscal Years 2019-20 through 2037-38

<u>Fiscal Year</u>	<u>Net Tax Increment⁽¹⁾⁽²⁾</u>	<u>Senior Bonds Debt Service⁽³⁾</u>	<u>Senior Bonds Coverage</u>	<u>Series 2011 Agency Bonds Debt Service^{(4)*}</u>	<u>Series 2020 Agency Bonds Debt Service^{(4)*}</u>	<u>Total Debt Service⁽⁴⁾</u>	<u>Total Debt Service Coverage</u>
2019/20	\$19,081,910	\$8,855,663	2.2x	\$521,713	\$152,371	\$9,529,746	2.0x
2020/21	19,524,076	8,865,663	2.2x	-	429,199	9,294,861	2.1x
2021/22	20,004,490	8,860,163	2.3x	-	423,854	9,284,016	2.2x
2022/23	20,461,678	8,864,413	2.3x	-	423,351	9,287,764	2.2x
2023/24	20,928,015	8,857,413	2.4x	-	422,349	9,279,761	2.3x
2024/25	21,402,492	8,854,163	2.4x	-	420,968	9,275,131	2.3x
2025/26	21,887,984	8,853,913	2.5x	-	418,895	9,272,808	2.4x
2026/27	22,381,660	8,855,913	2.5x	-	426,419	9,282,331	2.4x
2027/28	22,913,269	8,860,975	2.6x	-	417,992	9,278,967	2.5x
2028/29	23,425,482	8,853,538	2.6x	-	419,279	9,272,817	2.5x
2029/30	23,942,105	8,856,200	2.7x	-	419,966	9,276,166	2.6x
2030/31	24,471,444	8,854,981	2.8x	-	420,032	9,275,013	2.6x
2031/32	25,006,843	8,855,750	2.8x	-	419,458	9,275,208	2.7x
2032/33	25,556,415	8,854,950	2.9x	-	413,222	9,268,172	2.8x
2033/34	26,090,281	8,857,700	2.9x	-	416,484	9,274,184	2.8x
2034/35	26,658,926	8,856,400	3.0x	-	414,040	9,270,440	2.9x
2035/36	27,239,909	8,858,200	3.1x	-	415,067	9,273,267	2.9x
2036/37	27,832,869	8,855,600	3.1x	-	410,504	9,266,104	3.0x
2037/38	29,401,136	-	-	-	410,547	410,547	71.6x

(1) See Table 9 for details.

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

(3) Includes debt service on all Senior Bonds. See Table 4 herein.

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

Source: Urban Analytics, LLC, as to Net Tax Increment, Underwriter as to coverage of debt service.

INTERSTATE 215 CORRIDOR REDEVELOPMENT PROJECT AREA

General

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

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

In 2006, Amendment No. 1a and Amendment No. 1b were adopted in the Project Area. Amendment No. 1a was adopted on May 16, 2006, and added approximately 2,820 acres of territory in the communities of Lakeview/Nuevo to the I-215. Amendment No. 1b was adopted on May 2, 2006, and added 3,289 acres of additional territory in the communities of Sun City/Quail Valley into the Project Area. The total acreage for the Project Area is 21,695 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 and consists of 1,869 acres. 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 2,821 acres of land in the communities of Lakeview and Nuevo. The amendment area is primarily developed with single family residential homes and a small commercial area in the Nuevo area. There are opportunities for infill residential development throughout the area and there is a need for additional commercial development to serve the community.

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

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

Largest Taxpayers in the Project Area

The following table shows the ten largest taxpayers in the I-215 Corridor Project Area. The Fiscal Consultant has identified the location by Sub-Area for each of the largest property taxpayers in the table below. For a brief description of the three largest property taxpayers in the Project Area, as well as the locations by Sub-Area, see APPENDIX A - "REPORT OF FISCAL CONSULTANT – Ten Largest Assesseees."

The following table shows the ten largest property owners within the I-215 Corridor Project Area.

TABLE 11
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
10 Largest Taxpayers by Assessed Value
(Fiscal Year 2019-20)

<u>Property Owner</u>	<u>Secured and Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>Percent of Total</u>	<u>Sub-Area</u>
KNOX LOGISTICS	\$ 165,707,540	\$ -	\$ 165,707,540	4.36%	Mead Valley 1990 Annex
1001 COLUMBIA PT	103,027,615	-	103,027,615	2.71	Highgrove Amendment 1
MAJESTIC FREEWAY BUSINESS CENTER	53,353,549	-	53,353,549	1.40	Mead Valley 1990 Annex
HALLE PROPERTIES	33,969,313	-	33,969,313	0.89	Mead Valley 1990 Annex
K & N ENGINEERING INC	2,477,158	29,312,292	31,789,450	0.84	Highgrove Amendment 1
FR CAL HARVILL ROAD	28,869,782	-	28,869,782	0.76	Mead Valley
SABERT CORP	-	27,172,975	27,172,975	0.72	Highgrove Amendment 1
IHERB LLC	-	27,061,581	27,061,581	0.71	Mead Valley 1990 Annex
QUINN GROUP INC	24,263,250	-	24,263,250	0.64	Highgrove Amendment 1
FHF I PACIFIC BP	23,346,576	-	23,346,576	0.61	Highgrove Amendment 1
Total, Top Ten:	\$ 435,014,783	\$ 83,546,848	\$ 518,561,631	13.65%	
Total, Top Twenty:	622,762,292	83,546,848	706,309,140	18.59	
Total, Top Hundred:	996,070,869	194,305,773	1,190,376,642	31.33	
Totals for the Area:	\$3,526,148,016	\$273,361,781	\$3,799,509,797	100.00%	

Source: County Assessor; Urban Analytics.

Owner Participation Agreement

The Agency has an outstanding development agreement, also known as an Owner Participation Agreement (OPA), relating to various development undertakings in the I-215 Corridor Project Area. The OPA is paid from the Redevelopment Fund. As part of the OPA, the Agency has an agreement with Community Facilities District 87-1 which requires the reimbursement of tax payments made by certain property owners and which are senior to debt service on the 2017 Series E Bonds. Although the amounts of this payment is subject to the participation of certain property owners and the tax payments made by them, the obligation is tied to the debt service on bonds issued for Community Facilities District 87-1. The Obligation is estimated to be \$250,000 to \$272,000 annually through fiscal year 2020-21. Payments to be made under the OPA are estimated in Table 17 under "Other Senior Obligations." The Agency has identified no other agreements as having a senior lien on I-215 Corridor Project Area tax increment revenue.

Successor Agency Indebtedness

In addition to the Bonds, the Agency currently has the following outstanding indebtedness (see APPENDIX C - "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2019" hereto for additional information relating to the payment of indebtedness of the Agency):

A description of outstanding indebtedness of the Agency, other than the 2020 Series E Bonds, as of January 2, 2020 as follows:

TABLE 12
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Summary of Outstanding Debt
(As of January 2, 2020)

	Balance <u>January 2, 2020</u>
Bonds:	
2011 Bonds ⁽¹⁾⁽²⁾	38,165,000
2014 Bonds	14,570,000
2015 Bonds	16,335,000
2016 Bonds	19,720,000
2017 Bonds	<u>46,925,000</u>
Total	\$135,715,000
Development Agreements	
CFD 87-1 ⁽³⁾	<u>\$ 500,000</u>
Total Developer Agreement	<u>\$ 500,000</u>
Total	<u>\$136,765,000</u>

⁽¹⁾ To be partially refunded. \$28,800,000 represents full accreted value of capital appreciation bonds, see "PLAN OF FINANCE – Defeasance and Refunding of I-215 2011 Bonds," herein.

⁽²⁾ Payable on a Subordinate basis.

⁽³⁾ Expires Fiscal Year 2020-21.

Source: County of Riverside.

Assessed Valuation

The year-over-year changes in assessed valuation shown in the table below are not representative of actual valuation trends, as the assessed valuation of sub-areas generating negative tax increment in a given year are removed from the table, as described in the footnote. I-215 Corridor Project Area growth for fiscal year 2019-20 was 3.06% higher than the previous fiscal year. The base year value is 37% of the total taxable value in the I-215 Corridor Project Area for 2019-20. Table 13 sets forth I-215 Corridor Project Area assessed valuation for the past five fiscal years.

TABLE 13
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Historical Assessed Values
(Fiscal Years 2015-16 through 2019-20)

<u>Roll</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Secured ⁽¹⁾					
-Land	\$1,137,958,789	\$1,199,065,327	\$1,268,970,304	\$1,347,959,574	\$1,450,290,924
-Improvements	1,647,072,818	1,741,917,807	1,867,751,919	2,033,936,158	2,168,755,967
-Personal Property	6,071,370	8,177,972	6,353,347	4,586,365	4,257,439
-Exemptions	(100,297,897)	(100,942,740)	(107,166,500)	(106,445,726)	(111,111,640)
Secured Total	\$2,690,805,080	\$2,848,218,366	\$3,035,909,070	\$3,280,036,371	\$3,512,192,690
Unsecured					
-Land	\$ 0	\$ 0	\$ 0	\$ 565,182	\$ 0
-Improvements	86,699,380	99,412,310	129,495,589	150,129,285	127,004,681
-Personal Property	90,199,190	125,076,743	125,250,595	137,873,867	146,472,697
-Exemptions	(44,047)	(112,944)	(198,945)	(157,214)	(115,597)
Unsecured Total	\$ 176,854,523	\$ 224,376,109	\$ 254,547,239	\$ 288,411,120	\$ 273,361,781
Utility					
-Land	\$ 13,614,728	\$ 13,614,728	\$ 13,614,728	\$ 12,965,164	\$ 4,645,164
-Improvements	282,099,000	240,899,000	92,899,000	105,290,162	9,310,162
-Personal Property	0	0	0	0	0
-Exemptions	0	0	0	0	0
Utility Total ⁽²⁾	\$ 295,713,728	\$ 254,513,728	\$ 106,513,728	\$ 118,255,326	\$ 13,955,326
Totals:	\$3,163,373,331	\$3,327,108,203	\$3,396,970,037	\$3,686,702,817	\$3,799,509,797
Totals, All Sub-Areas ⁽¹⁾	3,163,373,331	3,327,108,203	3,396,970,037	3,686,702,817	3,799,509,797
Percent Change	3.64%	5.18%	2.10%	8.53%	3.06%
Plus: HOPTR AV ⁽³⁾	\$ 31,187,144	\$ 30,683,703	\$ 30,506,049	\$ 29,655,635	\$ 29,158,026
Less: Base AV	1,408,197,360	1,408,197,360	1,408,197,360	1,408,197,360	1,408,197,360
Incremental AV:	\$1,786,363,115	\$1,949,594,546	\$2,019,278,726	\$2,308,161,092	\$2,420,470,463
Incremental Revenue (1%)	\$ 17,863,631	\$ 19,495,945	\$ 20,192,787	\$ 23,081,611	\$ 24,204,705

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

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

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

Source: County Assessor, Urban Analytics.

Proposition 8 Assessment Reductions and Restorations

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

The Assessor annually reports on the number of assessments by city and unincorporated area subject to Proposition 8 reductions, and the amount of Proposition 8 reductions (these figures are reported by tax rate district rather than by sub-area and include areas outside of the I-215 Corridor Project Area). The Assessor reports 9,780 properties reduced through Proposition 8 in Fiscal Year 2019-20 in the principal tax rate districts within the I-215 Corridor Project Area with \$1,195,871,538 in reduced valuation. This compares to 10,051 properties and \$1,318,489,611 in Proposition 8 reductions in Fiscal Year 2018-19 and 9,569 properties and \$1,372,076,100 in Proposition 8 reductions in Fiscal Year 2017-18. While these figures include properties outside of the I-215 Corridor Project Area, they indicate that Proposition 8 reductions have slightly decreased between Fiscal Year 2015-16 and Fiscal Year 2019-20. Additionally, based upon a sampling of individual parcels in the I-215 Corridor Project Area, the Fiscal Consultant concluded that it is likely that a substantial portion of the increase in secured assessed valuation of the Project Area is due to the restoration of assessed

valuation of properties that had previously been reduced due to Proposition 8. The assessor does not indicate on the rolls that parcels are subject to Proposition 8.

Assessed Valuation Appeals

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

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

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

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

There are currently 45 pending appeals within the I-215 Corridor Project Area. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the fiscal consultant reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed and then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of the pending appeals.

Four of the I-215 Corridor Project Area's top ten taxpayers have pending appeals of their assessed value as shown in Table 14. The estimated impact of value losses resulting from these pending appeals has not been incorporated into the projected revenues of the I-215 Corridor Redevelopment Project Area. See "Interstate 215 Corridor Project Area Estimated Revenues and Bond Retirement" herein.

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

<u>Roll Year</u>	<u>Owner Name⁽¹⁾</u>	<u>Status</u>	<u>County Valuation</u>	<u>Applicant Opinion of Value</u>	<u>Valuation After Appeal</u>
2018-19	1001 COLUMBIA PT	1 Pending	\$101,007,466	\$ 32,000,000	TBD
2018-19	1001 COLUMBIA PT	1 Resolved	101,007,466	12,514,896	\$101,007,466
2017-18	1001 COLUMBIA PT	2 Resolved	214,200,000	138,355,900	214,200,000
2016-17	1001 COLUMBIA PT	1 Resolved	97,085,223	70,000,000	97,085,223
2016-17	HALLE PROPERTIES	2 Resolved	32,536,641	21,000,000	32,536,641
2015-16	HALLE PROPERTIES	2 Resolved	32,047,913	22,500,000	32,047,913

⁽¹⁾ Appeals filed on properties owned by the ten largest owners for 2019-20. Data is current as of December 18, 2019.
Source: Riverside County Assessor.

The following table shows the amount of assessed value that is presently under appeal within the I-215 Corridor Project Area and the estimated reduction of value that has been factored into the projections for 2019-20. The assessment appeals data below reflects appeals filed for Fiscal Years 2010-11 through 2019-20. To provide some indication of the proportion of valuation upheld on appeal, the table below provides information on resolved appeals filed in previous years in the I-215 Corridor Project Area. Overall, the 959 appeals settled in the I-215 Corridor Project Area during the Fiscal Year 2010-11 to Fiscal Year 2019-20 period resulted in reductions in valuation of \$10.1 million out of \$1.6 billion in enrolled valuation subject to appeals, or around 1%. The overall retention rate has been calculated by the Fiscal Consultant to be approximately 99% of the original valuation.

Applying the 99% retention rate for resolved appeals to the pending appeals indicates a potential valuation reduction of \$1.1 million or approximately \$11,000 in tax revenue. If the full amount of disputed valuation were granted, the reduction in valuation would be approximately \$1.8 million in tax revenue. As both estimates include properties with appeals in multiple years, it is not necessarily an indication of equivalent resolution as to assessed valuation of such properties in subsequent years, and no assumptions are made regarding any appeal related adjustments to Assessed Valuation.

TABLE 15
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Assessment Appeals
Fiscal Year 2019-20

<u>Roll Year</u>	<u>Status⁽¹⁾</u>	<u>Number of Appeals</u>	<u>County Valuation</u>	<u>Applicant Opinion of Value</u>	<u>Valuation After Appeal</u>	<u>Retention Rate⁽²⁾</u>
2019-20	Resolved	-	-	-	-	-
2019-20	Pending	10	\$ 267,977	\$ 3,697,929	TBD	TBD
2018-19	Resolved	9	119,385,634	16,278,284	\$ 119,385,634	100%
2018-19	Pending	21	139,090,085	48,343,231	TBD	TBD
2017-18	Resolved	20	144,843,582	98,418,079	141,105,990	97%
2017-18	Pending	6	13,315,939	7,436,959	TBD	TBD
2016-17	Resolved	28	152,430,639	105,261,539	149,374,983	98%
2016-17	Pending	6	18,066,174	12,751,656	TBD	TBD
2015-16	Resolved	66	111,683,790	59,645,402	106,589,234	95%
2015-16	Pending	2	6,449,615	2,063,582	TBD	TBD
2014-15	Resolved	92	163,032,441	105,405,719	161,617,738	99%
2014-15	Pending	-	-	-	-	-
2013-14	Resolved	85	110,781,461	57,848,829	106,769,185	96%
2013-14	Pending	-	-	-	-	-
2012-13	Resolved	171	323,851,169	165,792,455	334,757,125	103%
2012-13	Pending	-	-	-	-	-
2011-12	Resolved	203	246,720,167	129,801,572	253,155,770	103%
2011-12	Pending	-	-	-	-	-
2010-11	Resolved	285	257,851,718	134,701,186	247,685,612	96%
2010-11	Pending	-	-	-	-	-
All Years	Resolved	959	1,630,580,601	873,153,065	1,620,441,271	99%
All Years	Pending	45	177,189,790	74,293,357	TBD	TBD

⁽¹⁾ Data is current as of November 15, 2018. Fiscal year 2018-19 appeals data is not yet available from the County of Riverside. Table presents data from the prior year.

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

Source: County Assessor, Urban Analytics.

Property Value by Land Use

Taxable values in the I-215 Corridor Project Area are diversified with residential property values making up 52.3% of all assessed value. Industrial uses account for 22% of the I-215 Corridor Project Area taxable values and commercial uses account for 5.8%. Together, these four land use categories account for 80.1% of all taxable value in the I-215 Corridor Project Area.

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

**TABLE 16
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Land Use Statistics
(Fiscal Year 2019-20)**

<u>Land Use</u>	<u>Secured AV</u>	<u>Percent of AV</u>	<u>Number of Parcels</u>	<u>Percent of Parcels</u>	<u>Acres</u>	<u>Percent of Acres</u>
Secured:						
Agricultural	\$ 46,173,357	1.2%	113	0.6%	1,674	7.7%
Commercial	219,753,181	5.8	293	1.6	749	3.5%
Industrial	835,534,230	22.0	201	1.1	979	4.5%
Single-Family Resident	1,264,358,800	33.3	6,240	33.9	5,833	26.9%
Condominiums	10,119,384	0.3	128	0.7	7	0.0%
Other Residential	710,886,391	18.7	5,712	31.0	5,950	27.4%
Vacant	398,889,967	10.5	4,761	25.9	6,390	29.5%
Other	26,477,380	0.7	56	0.3	114	0.5%
Utility	13,955,326	0.4	8	0.0	NA	NA
Unsecured	<u>273,361,781</u>	<u>7.2</u>	<u>892</u>	<u>4.8</u>	<u>NA</u>	<u>NA</u>
Total	\$3,799,509,797	100.0%	18,404	100.0%	-	100.0%

Notes: Valuations include homeowner’s exemptions, which is restored by the Auditor prior to the calculation of tax increment. Acreage is estimated using tax roll data and information provided by the Agency.

Source: County Assessor; Urban Analytics.

Volatility Ratio

The volatility ratio is the proportion of total assessed valuation accounted for by the base year valuation and reflects the degree of exposure of tax increment to changes in total valuation. A high volatility ratio indicates that a small percentage change in overall assessed valuation would cause a disproportionately large percentage change in tax increment, while a low volatility ratio suggests that a percentage change in overall assessed valuation would cause a similar percentage change in tax increment. Recently-formed redevelopment areas tend to have a high volatility ratio as their total assessed valuation remains close to the base year valuation; their volatility ratio decreases as assessed valuation grows. Additionally, large taxpayers within the I-215 Corridor Project Area can have a similarly disproportionate impact on the tax increment if they have large variations in assessed valuation over a period of fiscal years. See “Largest Taxpayers in the Project Area.” The volatility ratio for the I-215 Corridor Project Area is 0.37%.

Interstate 215 Corridor Redevelopment Project Area Estimated Revenues and Bond Retirement

The Successor Agency has retained Urban Analytics, LLC, San Francisco, California (the “Fiscal Consultant”), to analyze the I-215 Corridor Project Area and to project future tax increment revenues for the I-215 Corridor Project Area. The Fiscal Consultant’s report is included as Appendix A and should be read in its entirety.

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

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

(2) County administrative fee is estimated to be 1.50% of tax increment revenue in the I-215 Corridor Project Area and is shown under "Other Senior Obligations," in Table 18 below.

(3) Tax increment revenue is projected to increase at an annual growth rate of 2.00% for fiscal year 2019-20 and all subsequent years. Unitary tax revenue is projected to remain constant. Reductions in value of the power plant owned by Inland Empire Energy Center, LLC have not been taken into account for purposes of the projections of tax increment. Unsecured property and personal property assessed values are projected to remain constant throughout.

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

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

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

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

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

(9) Other senior obligations include payments under the Owner Participation Agreement which ends in fiscal year 2020-21.

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

TABLE 17
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Estimated Tax Increment Revenues⁽¹⁾
Fiscal Years 2019-20 through 2041-42

<u>Fiscal Year</u>	<u>Gross Tax Increment</u>	<u>Sub-Area Share of Housing Debt Service</u>	<u>All Passthrough Payments</u>	<u>Other Senior Obligations⁽²⁾</u>	<u>Net Tax Increment</u>
2019/20	\$24,414,091	\$(2,157,486)	\$ (6,187,057)	\$(428,344)	\$15,641,204
2020/21	25,124,301	(2,167,482)	(6,420,256)	(439,427)	16,097,137
2021/22	25,848,715	(2,152,851)	(6,658,118)	(242,386)	16,795,360
2022/23	26,587,617	(2,163,682)	(6,900,738)	(249,315)	17,273,883
2023/24	27,341,298	(2,173,948)	(7,148,210)	(256,382)	17,762,758
2024/25	28,110,051	(2,184,646)	(7,400,631)	(263,591)	18,261,183
2025/26	28,894,180	(2,193,546)	(7,658,101)	(270,944)	18,771,590
2026/27	29,693,992	(2,203,179)	(7,920,720)	(278,443)	19,291,649
2027/28	30,509,799	(2,188,413)	(8,188,592)	(286,093)	19,846,701
2028/29	31,341,923	(2,198,084)	(8,461,821)	(293,896)	20,388,122
2029/30	32,190,690	(2,207,216)	(8,757,793)	(301,855)	20,923,825
2030/31	33,056,431	(2,213,826)	(9,059,684)	(309,973)	21,472,948
2031/32	33,939,488	(2,223,873)	(9,367,613)	(318,254)	22,029,748
2032/33	34,840,206	(2,230,489)	(9,697,256)	(326,700)	22,585,760
2033/34	35,758,938	(2,260,215)	(10,033,492)	(335,315)	23,129,915
2034/35	36,696,044	(2,268,790)	(10,376,453)	(344,102)	23,706,699
2035/36	37,651,893	(2,276,115)	(10,726,273)	(353,065)	24,296,440
2036/37	38,626,859	(2,282,707)	(11,083,089)	(362,208)	24,898,855
2037/38	39,621,324	(1,413,032)	(11,477,358)	(371,533)	26,359,401
2038/39	40,635,678	(1,376,894)	(11,879,513)	(381,045)	26,998,227
2039/40	41,670,320	(1,300,256)	(12,304,608)	(390,747)	27,674,709
2040/41	42,725,654	(937,432)	(12,738,205)	(400,643)	28,649,374
2041/42	43,802,095	(939,684)	(13,180,474)	(410,736)	29,271,200
2042/43	44,900,065	-	(13,631,589)	(421,032)	30,847,444
2043/44	46,019,994	-	(14,091,726)	(431,534)	31,496,734
2044/45	47,162,322	-	(14,561,065)	(442,246)	32,159,011

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

⁽²⁾ Consists of amounts payable under Owner Participation Agreement through its expiration date in fiscal year 2020-21 and County administrative fees.

Note: Tax increment revenue is projected at a 2% annual growth rate.

Source: Urban Analytics.

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

TABLE 18
SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
Interstate 215 Corridor Redevelopment Project Area
Estimated Debt Service Coverage
Fiscal Years 2019-20 through 2043-44

Fiscal Year	Net Tax Increment⁽¹⁾⁽²⁾	Outstanding Senior Bonds Debt Service⁽³⁾⁽⁴⁾	Senior Bonds Coverage	Series 2011 Agency Bonds Debt Service⁽⁴⁾	Series 2020 Agency Bonds Debt Service⁽⁴⁾	Total Debt Service⁽⁴⁾	Total Debt Service Coverage
2019/20	\$15,641,204	\$7,175,713	2.2x	\$409,313	\$213,924	\$7,798,949	2.0x
2020/21	16,097,137	7,179,963	2.2x	408,388	389,797	7,978,148	2.0x
2021/22	16,795,360	7,191,713	2.3x	406,488	392,552	7,990,753	2.1x
2022/23	17,273,883	7,180,213	2.4x	412,925	390,131	7,983,269	2.2x
2023/24	17,762,758	7,191,213	2.5x	407,675	392,542	7,991,430	2.2x
2024/25	18,261,183	7,188,213	2.5x	406,413	389,720	7,984,345	2.3x
2025/26	18,771,590	7,186,463	2.6x	408,800	391,650	7,986,913	2.4x
2026/27	19,291,649	7,180,463	2.7x	374,500	393,328	7,948,291	2.4x
2027/28	19,846,701	7,190,488	2.8x	-	424,631	7,615,119	2.6x
2028/29	20,388,122	7,190,863	2.8x	-	784,740	7,975,603	2.6x
2029/30	20,923,825	7,182,750	2.9x	-	783,166	7,965,916	2.6x
2030/31	21,472,948	7,185,938	3.0x	-	780,578	7,966,516	2.7x
2031/32	22,029,748	7,187,400	3.1x	-	776,947	7,964,347	2.8x
2032/33	22,585,760	7,187,750	3.1x	-	782,242	7,969,992	2.8x
2033/34	23,129,915	7,184,050	3.2x	-	781,078	7,965,128	2.9x
2034/35	23,706,699	7,185,900	3.3x	-	773,895	7,959,795	3.0x
2035/36	24,296,440	7,178,000	3.4x	-	778,783	7,956,783	3.1x
2036/37	24,898,855	7,028,200	3.5x	-	772,475	7,800,675	3.2x
2037/38	26,359,401	6,339,800	4.2x	-	770,370	7,110,170	3.7x
2038/39	26,998,227	6,284,200	4.3x	-	342,269	6,626,469	4.1x
2039/40	27,674,709	6,286,800	4.4x	-	335,112	6,621,912	4.2x
2040/41	28,649,374	-	-	7,200,000	332,755	7,532,755	3.8x
2041/42	29,271,200	-	-	7,200,000	-	7,200,000	4.1x
2042/43	30,847,444	-	-	7,200,000	-	7,200,000	4.3x
2043/44	31,496,734	-	-	7,200,000	-	7,200,000	4.4x

(1) See Table 17 for details.

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

(3) Includes debt service on Senior Bonds of Interstate 215 Corridor. See Table 12 herein.

(4) Debt service shown on Bond Year basis.

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

BOND OWNERS' RISKS

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

Limited Special Obligations

The Bonds will be special obligations of the Authority, payable from and secured as to the payment of the principal thereof and the redemption premium, if any, and the interest thereon in accordance with their terms and the terms of the Indenture. The Bonds shall not constitute a charge against the general credit of the Authority or any of its members, and under no circumstances shall the Authority be obligated to pay principal of or redemption premium, if any, or interest on the Bonds except from the Revenues. Neither the State nor any public agency (other than the Authority) nor any member of the Authority is obligated to pay the principal of or redemption premium, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal of or redemption premium, if any, or interest on the Bonds. The payment of the principal of or redemption premium, if any, or interest on the Bonds does not constitute a debt, liability or obligation of the State or any public agency (other than the Authority) or any member of the Authority.

Recognized Obligation Payment Schedule

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

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

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

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

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

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

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

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

Challenges to Dissolution Act

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

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

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

Current Issues with Department of Finance

During review of the approving resolution for the defeasance and refunding of a portion of the Series 2011 E Bonds, the partial defeasance of the Series 2011 B Bonds, and the approval of the 2019-20 ROPS A, the Department of Finance has made an inquiry to the Successor Agency regarding the use of bond proceeds subsequent to 2011 from the Series 2011 B Bonds and Series 2011 E Bonds. After assembly Bill X1 26 was adopted in 2011, there have been amendments in 2012 (AB 1484) and in 2015 (AB 107), which constitute the Dissolution Act. In its correspondence to the Successor Agency, the Department of Finance has suggested that the level of expenditures of the bond proceeds from the proceeds of the Series 2011 B and Series 2011 E Bonds for redevelopment activities may have been improper under the provisions of the Dissolution Act and subsequent legislation. The Former Redevelopment Agency had spent approximately \$11 million from Series 2011 B and Series 2011 E Bonds proceeds on outstanding contractual obligations to provide funds for redevelopment activities which may be at issue with the Department of Finance. The Successor Agency is uncertain as to any action that the Department of Finance may take, including any action to restore the funds from either the Successor Agency or the County.

Mandatory Redemption on Acceleration of Agency Bonds on Default

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

Limited Application of Project Area Tax Revenues

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

Reduction in Taxable Value

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

Bond Insurance Risk Factors

The Authority anticipates obtaining a municipal bond insurance policy (the "Policy") to guarantee the scheduled payment of principal and interest on the Insured Bonds.

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

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

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

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

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

None of the Authority, the Agency or the Underwriter have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Authority to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

Risks of Real Estate Secured Investments Generally

The Owners and Beneficial Owners of the Bonds will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (a) adverse changes in local market conditions, such as changes in the market value of real property within and in the vicinity of the respective project areas, the supply of or demand for competitive properties in such project areas, and the market value of competitive

properties in the event of sale or foreclosure, (b) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies, and (c) natural disasters (including, without limitation, earthquakes, fires, droughts and floods), which may result in uninsured losses.

Reduction in Inflationary Rate and Changes in Legislation

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

Change in Law

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

Concentration of Property Ownership

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

Bankruptcy of Landowners

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

Seismic Considerations and Natural Calamities

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

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

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

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

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

Levy and Collection of Taxes

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

Estimated Revenues

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

Hazardous Substances

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

Direct and Overlapping Indebtedness

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

Future Legislation and Initiatives

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

Assessment Appeals

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

Economic Risks

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

Investment Risk

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

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

Cyber Security

As a recipient and provider of personal, private and sensitive information, the County faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems.

No assurance can be given that the County's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the County, the Authority or the Successor Agency, or the administration of the Bonds. The Successor Agency and the Authority are also reliant on other entities and service providers in connection with the administration of the Bonds and Agency Bonds, including without limitation on the County Tax Collector for the levy and collection of Tax Revenues, the Trustee, and the Dissemination Agent. No assurance can be given that the County, the Authority, the Successor Agency and these other entities will not be affected by cyber threats and attacks in a manner that may affect the Bond owners.

Secondary Market

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

Bankruptcy

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

LIMITATIONS ON TAX REVENUES

Property Tax Limitations - Article XIII A

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

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

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

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

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

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

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

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

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

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

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

Implementing Legislation

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

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

Unitary Property

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

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

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

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

The Successor Agency has projected the amount of unitary revenues to be allocated for 2016-17 within the Project Areas to be \$85,881 for Desert Communities Project Area and \$293,470 for I-215 Corridor Project Area. The Fiscal Consultant has assumed that this amount remains constant in subsequent years. Neither the Authority nor the Successor Agency can predict the effect of any future litigation or settlement agreements on the amount of unitary tax revenues received or to be received nor the impact on unitary property tax revenues of any transfer of electrical transmission lines to tax-exempt agencies.

Property Taxes; Teeter Plan

The County utilized a mechanism for the distribution of tax increment revenue to the former redevelopment agencies that has a similar effect on the Successor Agency's tax increment revenues as the device known as the Teeter Plan (Section 4701 et seq. of the California Revenue and Taxation Code). The Teeter Plan allows counties to distribute secured property tax revenue to participating jurisdictions without regard to delinquencies by maintaining a reserve fund to cover delinquencies and allocating revenue based on the original secured roll, retaining all delinquent tax payments and penalties. Under the mechanism used by the County to distribute tax increment revenue to the former redevelopment agencies, the County pays one-half of the taxes from the net taxable assessed valuation appearing on the equalized roll to each agency's Redevelopment Property Tax Trust Fund on January 2 and the other one-half on June 1; delinquencies are not deducted from the Redevelopment Property Tax Trust Fund revenue, and delinquent tax payments and defaulted tax redemptions, penalties and interest are not added to Redevelopment Property Tax Trust Fund revenue. Consequently, the Agency is not affected by delinquent tax payments. 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 XIII A, Article XIII B and Proposition 218 were each adopted as measures that qualified for the ballot under California's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

OTHER INFORMATION

Continuing Disclosure

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

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

c. For fiscal years 2017, 2018 and 2019, with respect to all bonds of the Successor Agency, the Successor Agency filed annual reports which excluded certain operational data. [In January 2020, the filings were updated].

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

3. Failure to File Notices were not filed with respect to the failures to file as shown in paragraphs 1 through 2 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 undertakings the County is developing new procedures to ensure future compliance and coordination between the County and its related entities.

Litigation

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

Tax Matters

The interest on the Bonds is not intended by the Authority to be excluded from gross income for federal income tax purposes. However, in the opinion of Jones Hall, A Professional Law Corporation ("Bond Counsel"), San Francisco, California, interest on the Bonds is exempt from California personal income taxes.

The proposed form of opinion of Bond Counsel with respect to the Bonds to be delivered on the date of issuance of the Bonds is set forth in APPENDIX F.

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

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 2011 Series D Bonds and 2011 Series E Bonds. See "PLAN OF FINANCE" above. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the

assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

Legal Opinion

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

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

Municipal Advisor

Columbia Capital Management, LLC has acted as municipal advisor to the Agency concerning the Bonds. As municipal advisor, Columbia Capital Management, LLC will receive compensation contingent upon the sale and delivery of the Bonds.

Financial Interests

The fees being paid to the Underwriter, Bond Counsel, Disclosure Counsel, the Trustee and Underwriter's 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 Underwriter on matters unrelated to the bonds.

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

Underwriting

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

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

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Miscellaneous

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

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

RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY

By: _____
Executive Director

APPENDIX B

INFORMATION REGARDING THE COUNTY OF RIVERSIDE

GENERAL INFORMATION

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

According to the State Department of Finance, Demographic Research Unit, the County's population was estimated at 2,440,124 as of January 1, 2019, representing an approximately 1.14% increase over the County's population as estimated for the prior year, and a rate higher than the statewide population increase of 0.47% for the same period. For the ten year period of January 1, 2009 to January 1, 2019, the County's population grew by approximately 14.00%. During this period, the cities of Eastvale, Jurupa Valley, Menifee and Wildomar incorporated, and account for a total population of 12.37% of the County as of January 1, 2019.

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

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

<i>City</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Banning	30,746	30,967	31,170	30,950	31,044
Beaumont	43,906	45,617	46,730	46,545	48,401
Blythe	18,522	19,008	19,027	19,651	19,428
Calimesa	8,114	8,212	8,567	9,080	9,159
Canyon Lake	10,673	10,728	10,882	11,213	11,285
Cathedral City	53,390	53,842	54,296	54,466	54,907
Coachella	44,486	44,940	45,273	45,777	46,351
Corona	162,396	163,341	166,819	167,013	168,101
Desert Hot Springs	28,900	29,252	29,347	29,102	29,251
Eastvale	59,930	62,147	63,720	65,725	66,078
Hemet	80,439	80,997	82,417	84,423	84,754
Indian Wells	5,407	5,512	5,549	5,389	5,445
Indio	84,009	85,233	86,632	88,194	89,406
Jurupa Valley	99,742	101,412	103,661	104,661	106,318
Lake Elsinore	59,404	61,422	62,487	62,241	62,949
La Quinta	39,323	39,899	40,605	41,753	42,098
Menifee	85,801	87,608	89,552	90,775	93,452
Moreno Valley	201,387	202,621	204,285	206,046	208,297
Murrieta	109,408	110,166	111,793	116,970	118,125
Norco	26,198	26,727	26,799	26,464	26,386
Palm Desert	50,683	51,250	52,058	53,298	53,625
Palm Springs	46,099	46,534	47,157	48,390	48,733
Perris	74,866	76,070	77,311	76,260	76,971
Rancho Mirage	18,201	18,369	18,579	18,297	18,489
Riverside	317,890	320,226	323,190	326,270	328,101
San Jacinto	46,462	47,085	47,560	47,607	48,878
Temecula	109,144	110,536	112,040	113,248	113,826
Wildomar	<u>34,751</u>	<u>35,270</u>	<u>35,882</u>	<u>35,635</u>	<u>36,066</u>
TOTALS					
Incorporated	1,950,277	1,974,991	2,003,388	2,025,443	2,045,924
Unincorporated	<u>367,618</u>	<u>371,726</u>	<u>379,252</u>	<u>387,093</u>	<u>394,200</u>
County-Wide	<u>2,317,895</u>	<u>2,346,717</u>	<u>2,382,640</u>	<u>2,412,536</u>	<u>2,440,124</u>
California	38,912,464	39,179,627	39,500,973	39,740,508	39,927,315

Source: State Department of Finance, Demographic Research Unit.

Effective Buying Income

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

deductions. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the County and the State for the period 2015 through 2019:

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

	<i>Total Effective Buying Income⁽²⁾</i>	<i>Median Household Effective Buying Income</i>	<i>Percent of Households with Income over \$50,000</i>
2015			
Riverside County	\$ 41,199,300	\$45,576	44.79%
California	901,189,699	50,072	50.05
2016			
Riverside County	\$ 45,407,058	\$48,674	48.50%
California	981,231,666	53,589	52.74
2017			
Riverside County	\$ 47,509,909	\$50,287	50.23%
California	1,036,142,723	55,681	54.27
2018			
Riverside County	\$ 51,784,973	\$53,505	53.29%
California	1,113,648,181	58,858	57.15
2019			
Riverside County	\$ 54,118,453	\$54,920	54.41%
California	1,183,264,399	61,895	59.16

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

(2) Dollars in thousands.

Source: The Nielsen Company, Site Reports, 2015-2018; Environics Analytics, Spotlight Claritas Reports 2019.

Industry and Employment

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

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

<i>Industry</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019⁽²⁾</i>
Agriculture	14.8	14.6	14.4	14.5	14.0
Construction	85.7	92.0	97.0	104.8	101.9
Finance Activities	43.9	44.6	44.5	43.7	44.3
Government	233.3	242.3	250.0	257.5	269.4
Manufacturing:	96.1	98.6	98.7	101.3	102.6
Nondurables	33.0	34.2	34.8	36.2	65.3
Durables	63.1	64.4	63.9	65.1	37.3
Mining & Logging	1.3	0.9	0.9	1.0	1.2
Retail Trade	174.3	178.0	182.1	180.8	189.2
Professional and Business Services	147.4	145.0	147.2	150.6	160.6
Education and Health Services	205.1	214.3	224.8	240.0	261.6
Leisure & Hospitality	151.7	160.2	165.7	170.0	175.3
Other Services	44.0	44.6	45.6	45.6	43.4
Transportation, Warehousing and Utilities	97.4	107.3	120.2	132.6	146.3
Wholesale Trade	61.6	62.8	63.7	64.9	64.8
Information	11.4	11.5	11.3	11.2	11.3
Total, All Industries	<u>1,367.9</u>	<u>1,416.6</u>	<u>1,466.0</u>	<u>1,518.7</u>	<u>1,585.9</u>

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

(2) November 2019, Preliminary.

Source: State Employment Development Department, Labor Market Information Division.

The following table sets forth the major employers in the County as of June 30, 2018 and their respective product or service and number of employees as of June 30, 2019.

**COUNTY OF RIVERSIDE
CERTAIN MAJOR EMPLOYERS(1)
(AS OF JUNE 30, 2019)**

<i>Company Name</i>	<i>Product/Service</i>	<i>No. of Local Employees</i>
County of Riverside	County Government	21,215
March Air Reserve Base	Military Reserve Base	9,000
University of California, Riverside	Public University	8,735
Wal-Mart	Retail	-
Kaiser Permanente Riverside Medical Center	Hospital	5,592
State Brothers Markets	Retail	-
Corona-Norco Unified School District	School District	4,989
Pechanga Resort and Casino	Resort Casino	4,683
Riverside Unified School District	School District	4,335
Hemet Unified School District	School District	4,302
Eisenhower Medical Center	Healthcare	3,743
Moreno Valley Unified School District	School District	3,684
Abbott Vascular	Healthcare	-
Temecula Valley Unified School District	School District	-
Total		70,278

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

Source: County Economic Development Agency.

Unemployment data for the County, the State and the United States for the years 2014 through 2018 and partial data for 2019 (as indicated) are set forth in the following table.

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

	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019⁽²⁾</i>
County ⁽¹⁾	8.2%	6.7%	6.1%	5.2%	4.4%	3.8%
California ⁽¹⁾	7.5	6.2	5.5	4.8	4.2	3.9
United States ⁽³⁾	6.2	5.3	4.9	4.4	3.9	3.7

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

(2) Unemployment rate information is for November 2019.

(3) Data is seasonally adjusted.

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

Commercial Activity

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

The following tables sets forth taxable sales transactions in the County for the years 2015 through 2017, and the first quarter of 2018.

**COUNTY OF RIVERSIDE
TAXABLE SALES TRANSACTIONS
(IN THOUSANDS)**

	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018⁽¹⁾</i>
Motor Vehicles and Parts Dealers	\$ 4,841,615	\$ 5,047,534	\$ 5,348,814	\$1,324,751,922
Home Furnishings and Appliance Stores	1,135,235	1,386,985	1,730,702	447,418,964
Building Materials, Garden Equip. & Supplies Dealers	1,826,294	1,965,101	2,161,593	515,732,461
Food and Beverage Stores	1,727,518	1,574,030	1,666,910	452,917,432
Gasoline Stations	2,851,558	2,704,278	2,933,718	794,443,032
Clothing and Clothing Accessories Stores	2,136,728	2,190,228	2,199,512	544,219,995
General Merchandise Stores	3,040,244	3,052,409	3,101,256	799,654,958
Food Services and Drinking Places	3,384,494	3,648,980	3,852,674	1,035,064,733
Other Retail Group	2,338,039	2,452,591	2,586,771	682,462,826
Total Retail and Food Services	<u>\$ 23,281,724</u>	<u>\$ 24,022,136</u>	<u>\$ 25,581,948</u>	<u>\$6,596,666,323</u>
All Other Outlets	<u>9,629,186</u>	<u>10,209,008</u>	<u>10,550,866</u>	<u>2,596,812,205</u>
Total All Outlets	<u>\$ 32,910,910</u>	<u>\$ 34,231,144</u>	<u>\$ 36,132,814</u>	<u>\$9,193,478,528</u>

⁽¹⁾ First Quarter 2018.

Source: California Department of Tax and Fee Administration.

Building and Real Estate Activity

The two tables below set forth a summary of building permit valuations and new dwelling units authorized in the County (in both incorporated and unincorporated areas) from 2014 through 2018.

**COUNTY OF RIVERSIDE
BUILDING PERMIT VALUATIONS
(IN THOUSANDS)**

	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
RESIDENTIAL					
New Single-Family	\$ 1,296,553	\$ 1,313,084	\$ 1,526,768	\$ 1,670,542	\$ 2,200,021
New Multi-Family	178,117	110,458	106,292	109,309	232,707
Alterations and Adjustments	147,081	113,200	126,475	123,567	125,353
Total Residential	<u>\$ 1,621,751</u>	<u>\$ 1,536,742</u>	<u>\$ 1,759,535</u>	<u>\$ 1,903,418</u>	<u>\$ 2,558,081</u>
NON-RESIDENTIAL					
New Commercial ⁽¹⁾	\$ 184,138	\$ 189,994	\$ 540,447	\$ 522,769	\$ 703,977
New Industrial	161,321	180,521	59,439	410,275	529,326
Other Buildings ⁽²⁾	142,204	226,346	374,917	136,935	410,606
Alterations & Additions	327,327	314,604	371,216	363,711	315,771
Total Nonresidential	<u>\$ 814,990</u>	<u>\$ 911,465</u>	<u>\$ 1,346,020</u>	<u>\$ 1,433,690</u>	<u>\$ 1,959,680</u>
TOTAL ALL BUILDING	<u>\$ 2,436,741</u>	<u>\$ 2,448,207</u>	<u>\$ 3,105,554</u>	<u>\$ 3,337,108</u>	<u>\$ 4,517,761</u>

⁽¹⁾ Includes office buildings, stores & other mercantile, hotels & motels, amusement & recreation, parking garages and service stations & repair.

⁽²⁾ Includes churches and religious buildings, medical and institutional buildings, agricultural and storage buildings, hospitals and institutional buildings, public works and utility buildings, schools and educational buildings, structures other than buildings, and residential garages.

Source: California Homebuilding Foundation.

**COUNTY OF RIVERSIDE
NUMBER OF NEW DWELLING UNITS**

	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
Single Family	5,007	5,007	5,662	6,265	7,540
Multi-Family	1,931	1,189	897	1,070	1,628
TOTAL	<u>6,938</u>	<u>6,196</u>	<u>6,559</u>	<u>7,335</u>	<u>9,168</u>

Source: California Homebuilding Foundation.

The following table sets forth the annual median housing prices for Los Angeles County, Riverside County, San Bernardino County and Southern California for the years 2014 through 2018.

**COUNTIES OF LOS ANGELES, RIVERSIDE AND SAN BERNARDINO
AND SOUTHERN CALIFORNIA
MEDIAN HOUSING PRICES**

<i>Year</i>	<i>Los Angeles</i>	<i>Riverside</i>	<i>San Bernardino</i>	<i>Southern California⁽¹⁾</i>
2014	\$455,000	\$293,000	\$240,000	\$410,000
2015	487,500	310,000	262,000	431,000
2016	520,000	332,000	284,000	457,500
2017	560,000	356,000	310,000	491,000
2018	596,000	380,000	330,000	524,000

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

The following table sets forth the home and condominium foreclosures recorded in Los Angeles County, Riverside County, San Bernardino County and Southern California for the years 2014 through 2018.

**COUNTIES OF LOS ANGELES, RIVERSIDE AND SAN BERNARDINO
AND SOUTHERN CALIFORNIA
COMPARISON OF HOME FORECLOSURES**

<i>Year</i>	<i>Los Angeles</i>	<i>Riverside</i>	<i>San Bernardino</i>	<i>Southern California⁽¹⁾</i>
2014	4,566	2,912	2,984	13,787
2015	3,970	2,463	2,616	11,959
2016	3,191	2,045	1,954	9,354
2017	2,316	1,453	1,641	6,968
2018	1,552	1,233	1,183	5,182

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

Agriculture

In 2017, principal agricultural products were nursery stock, milk, table grapes, lemons, bell peppers, hay, eggs, dates, avocados and carrots.

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

The County, and all of Southern California, experienced a severe drought between 2011 and 2015. See "—Environmental Control Services" below. The County cannot predict the impact that a future prolonged drought would have on agricultural production in the County.

The following table sets forth the value of agricultural production in the County for the years 2014 through 2018.

**COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION**

	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
Citrus Fruits	\$ 170,891,000	\$ 187,673,000	\$ 200,101,000	\$ 177,055,000	\$ 170,775,000
Trees and Vines	223,593,000	234,928,000	227,444,000	228,315,000	249,150,000
Vegetables, Melons, Misc.	337,404,000	327,199,000	365,157,000	331,986,000	371,570,000
Field and Seed Crops	156,575,000	122,794,000	97,184,000	99,224,000	93,282,000
Nursery	172,910,000	158,648,000	150,426,000	153,749,000	165,758,000
Apiculture	4,819,000	4,897,000	5,082,000	5,415,000	5,473,000
Aquaculture	5,078,000	5,397,000	4,624,000	4,764,000	4,732,000
Livestock and Poultry	290,746,000	260,015,000	225,758,000	221,750,000	238,468,000
Grand Total	\$ 1,362,016,000	\$ 1,301,551,000	\$ 1,275,776,000	\$ 1,222,258,000	\$ 1,299,208,000

Source: Riverside County Agricultural Commissioner.

Transportation

Several major freeways and highways provide access between the County and all parts of Southern California. State Route 91 extends southwest from Riverside through Corona and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses most of the width of the County, the western-most portion of which links up with major cities and freeways in Los Angeles County and the southern part of San Bernardino County, with the eastern part linking to the County's desert cities and Arizona. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. State Route 60 provides an alternate (to Interstate 10) east-west link to Los Angeles County. Riverside 91 Express Lanes that connect with the OCTA SR-91 Express Lanes at the Orange County/Riverside County line and continue to the Interstate 15/State Route 91 interchange opened in March 2017. When travelling along State Route 91 through Corona, vehicles are able to use either the tolled express lanes or the free general purpose lanes.

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

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

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport in neighboring San Bernardino County. This airport is operated by the Ontario International Airport Authority and was transferred by the City of Los Angeles to the joint powers authority in October 2016. Four major airlines schedule commercial flight service at Palm Springs Regional Airport. County-operated general aviation airports include those in Thermal, Hemet, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Reserve Base, which converted from an active duty base to a reserve-only base on April 1, 1996. The March AFB Joint Powers Authority (the "JPA"), comprised of the County and the Cities of Riverside, Moreno Valley and Perris, is

responsible for planning and developing joint military and civilian use. The JPA has constructed infrastructure improvements, entered into leases with private users and initialized a major business park project.

Education

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

There are nine two-year community college campuses located in the communities of Riverside, Moreno Valley, Norco, San Jacinto, Menifee, Coachella Valley, Palo Verde Valley, Banning and Temecula. There are also three universities located in the City of Riverside – the University of California, Riverside (“UCR”), La Sierra University and California Baptist University. The City of Palm Desert also has a UCR campus and California State University, San Bernardino campus.

Environmental Control Services

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

At the regional and local level, there are several water districts that were formed for the primary purpose of supplying supplemental water to the cities and agencies within their areas. The Coachella Valley Water District, the Western Municipal Water District and the Eastern Municipal Water District are the largest of these water districts in terms of area served. The San Geronio Pass Water Agency, Desert Water Agency, Palo Verde Irrigation District, Elsinore Valley Municipal Water District, and Rancho California Water District also provide supplemental water to cities and agencies within the County.

The governor and the State Legislature have developed strategies to help mitigate the effects of the State’s susceptibility to periodic, potentially prolonged and/or severe drought conditions. On April 1, 2015, California’s governor issued the fourth in a series of executive orders extending the measures necessary to address California’s severe drought conditions which occurred between 2011 and 2015. On May 9, 2016, as a result of persistent severe drought conditions in many areas of California, the governor issued an additional executive order that, among other things, made permanent many of the conservation measures set in the governor’s previous executive orders. On April 7, 2017, as a result of the record rainfall and snowfall that occurred in the State between November 2016 and March 2017, the governor declared an end to the drought emergency in California (except with respect to four counties mostly located in California’s agricultural Central Valley). However, this same executive order directed the State Water Resources Control Board to initiate the rulemaking process to ensure that many key conservation measures established by the governor’s 2016 executive order will remain in place. Such conservation measures prohibit wasteful practices such as: (i) hosing off sidewalks, driveways and other hardscapes, (ii) washing automobiles with hoses not equipped with a shut-off nozzle, (iii) using non-recirculated water in a fountain or other decorative water feature, (iv) watering lawns in a manner that causes runoff, or within forty-eight hours of measurable precipitation, and (v) irrigating ornamental turf on public street medians.

During a workshop in May of 2015 to discuss the drought, the Board of Supervisors directed staff to revise County Ordinance 859.3 Water Efficient Landscape Requirements. On July 21, 2015 the Board of

Supervisors adopted, via an urgency ordinance, updated water efficient landscape requirements Ordinance 859. A key highlight of this revised ordinance is that it “prohibits the use of natural turf grass lawns within the front yards of new homes and promoting low water use plants and inert materials for a sustainable and marketable landscape design.”

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

Sewage. There are 18 wastewater treatment agencies in the County’s Santa Ana River region and nine in the County’s Colorado River Basin region. The County of Riverside does not own or operate a Publicly Owned Treatment Works (POTW), or sewage plant. Most residents in rural areas of the County which are unsewered rely upon septic tanks and leach fields for sewage disposal only if a POTW does not service the area with sewer infrastructure.

APPENDIX C

**AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2019**

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

APPENDIX E

DTC AND THE BOOK-ENTRY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX F

FORMS OF OPINIONS OF BOND COUNSEL

BOND COUNSEL OPINION FOR AUTHORITY BONDS

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of _____, 2020, (this “Disclosure Agreement”), is by and between the RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the “Authority”), and the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body, corporate and politic, duly organized and existing pursuant to the Community Redevelopment Law of the State of California (as successor agency to the County of Riverside Redevelopment Agency, the “Agency”), in connection with the issuance of the Authority’s 2020 Series A Second Lien Tax Allocation Revenue Bonds (the “Authority Bonds”) pursuant to an Indenture of Trust, dated as of February 1, 2020 (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Authority Trustee”).

WITNESSETH:

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

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

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

WHEREAS, the Agency has issued its Tax Allocation Refunding Bonds, (the “Refunding Bonds”) two separate series of bonds pursuant to two separate Indentures of Trust, each dated as of February 1, 2020 (the “Indenture”), by and between the Agency and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Agency Trustee”), as amended or supplemented from time to time in accordance with its terms, and as described in the Official Statement, defined herein; and

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

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

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

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

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

“Annual Report Date” means December 31, commencing December 31, 2020.

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

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

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

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

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

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

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

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

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

“Financial Obligation” means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

“Official Statement” means the Official Statement, dated _____, 2020, relating to the Authority Bonds.

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

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

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

Section 2. Provision of Annual Reports. (a) The Agency shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report which is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2019-20 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Agency, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Agency's fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Authority Bonds by name and CUSIP number.

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

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

(d) The Dissemination Agent shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties.

(iv) Substitution of credit or liquidity providers, or their failure to perform.

(v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).

(vi) Tender offers.

(vii) Redemptions and Defeasances.

(viii) Rating changes.

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person.

(x) Default, event of acceleration, modification of terms, or other similar events under the terms of a Financial Obligation of the District, City of which reflect financial difficulties.

For purposes of the event identified in paragraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the

obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section, the Agency shall give, or cause to be given with respect to the Refunding Bonds, and hereby authorizes the Authority to give, or cause to be given, with respect to the Authority Bonds, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten (10) business days after the occurrence of the event:

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

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

(iii) Optional, unscheduled or contingent Bond calls.

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

(v) Non-payment related defaults.

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

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

(viii) Incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders.

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

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

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

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

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

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

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

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

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

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

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

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

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other reasonable means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the Agency chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the

Agency shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 10. Default. The parties hereto acknowledge that in the event of a failure of the Authority, the Agency or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Authority Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate amount of principal evidenced by Outstanding Authority Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Authority Trustee), or any holder or beneficial owner of the Authority Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, the Agency or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

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

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

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

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

**RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY**

By: _____
Treasurer

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

By: _____

ACCEPTED AND AGREED:

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

By: _____
Authorized Officer

ACKNOWLEDGED AND AGREED:

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

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Riverside County Public Financing Authority
Name of Issue: Riverside County Public Financing Authority
2020 Series A Second Lien Tax Allocation Revenue Bonds, (Desert Communities and
Interstate 215 Corridor Projects) (Federally Taxable)
Obligated Person: Successor Agency to the Redevelopment Agency for the County of Riverside
Date of Issuance: _____, 2020

NOTICE IS HEREBY GIVEN that the Successor Agency to the Redevelopment Agency to the County of Riverside (the "Agency") has not provided an Annual Report with respect to the above-named bonds as required by the Continuing Disclosure Agreement, dated as of _____, 2020, by and between the Riverside County Public Financing Authority and the Agency. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

**RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY, as Dissemination Agent, on
behalf of the SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE**

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

APPENDIX H

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

APPENDIX I

**OUTSTANDING DEBT SERVICE OF
SUCCESSOR AGENCY BY PROJECT AREA**

PROJECT AREA 1-1986

<u>Fiscal Year</u>	<u>2014-A</u>	<u>2015-A</u>	<u>2016-A</u>	<u>Total</u>
2019/20	\$ 1,351,894	\$ 1,605,900	\$ 1,184,850	\$ 4,142,644
2020/21	1,351,144	1,603,900	1,182,600	4,137,644
2021/22	1,353,894	1,605,150	1,179,100	4,138,144
2022/23	1,349,894	1,609,400	1,184,350	4,143,644
2023/24	1,344,394	1,611,400	1,177,850	4,133,644
2024/25	1,347,394	1,611,150	1,175,100	4,133,644
2025/26	1,348,394	1,613,650	1,175,850	4,137,894
2026/27	1,347,394	1,613,650	1,169,850	4,130,894
2027/28	1,344,444	1,612,150	1,182,350	4,138,944
2028/29	1,345,681	1,608,400	1,187,350	4,141,431
2029/30	1,354,800	1,607,900	1,175,100	4,137,800
2030/31	1,352,050	1,609,650	1,176,350	4,138,050
2031/32	1,347,050	1,613,400	1,174,550	4,135,000
2032/33	1,349,800	1,611,800	1,176,350	4,137,950
2033/34	1,455,800	1,503,200	1,181,500	4,140,500
2034/35	1,455,800	1,501,800	1,180,600	4,138,200
2035/36	1,458,800	1,503,400	1,178,800	4,141,000
2036/37	<u>1,289,600</u>	<u>1,502,800</u>	<u>1,175,200</u>	<u>3,967,600</u>
Total	\$24,548,227	\$28,548,700	\$21,217,700	\$74,314,627

DESERT COMMUNITIES PROJECT AREA

<u>Fiscal Year</u>	<u>2014-D</u>	<u>2015-D</u>	<u>2016-D</u>	<u>2017-D</u>	<u>2011-D (Sub)</u>	<u>Total</u>
2019/20	\$ 1,871,813	\$ 941,750	\$ 3,779,700	\$ 2,262,400	\$ 532,000	\$ 9,387,663
2020/21	1,871,313	941,000	3,790,700	2,262,650	531,600	9,397,263
2021/22	1,868,813	939,250	3,786,700	2,265,400	530,550	9,390,713
2022/23	1,874,313	941,500	3,783,200	2,265,400	528,400	9,392,813
2023/24	1,872,313	937,500	3,784,950	2,262,650	530,575	9,387,988
2024/25	1,868,063	937,500	3,786,450	2,262,150	526,738	9,380,901
2025/26	1,866,563	941,250	3,782,450	2,263,650	532,225	9,386,138
2026/27	1,867,563	943,500	3,782,950	2,261,900	526,363	9,382,276
2027/28	1,870,675	940,950	3,787,450	2,261,900	529,213	9,390,188
2028/29	1,867,488	942,200	3,785,450	2,258,400	530,663	9,384,201
2029/30	1,866,650	946,200	3,786,950	2,256,400	530,713	9,386,913
2030/31	1,869,150	943,450	3,786,450	2,255,931	529,363	9,384,344
2031/32	1,868,400	944,200	3,784,250	2,258,900	526,613	9,382,363
2032/33	1,864,400	940,400	3,787,250	2,262,900	531,600	9,386,550
2033/34	2,491,600	1,140,600	2,978,100	2,247,400	529,413	9,387,113
2034/35	2,491,400	1,141,600	2,980,250	2,243,150	530,413	9,386,813
2035/36	2,487,800	1,136,000	2,985,000	2,249,400	529,238	9,387,438
2036/37	<u>2,490,800</u>	<u>1,144,000</u>	<u>2,979,600</u>	<u>2,241,200</u>	<u>530,888</u>	<u>9,386,488</u>
Total	\$36,129,117	\$17,742,850	\$64,917,850	\$40,641,781	\$9,536,568	\$168,968,166

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<u>Fiscal Year</u>	<u>2014-E</u>	<u>2015-E</u>	<u>2016-E</u>	<u>2017-E</u>	<u>2011-E (Sub)</u>	<u>Total</u>
2019/20	\$ 1,072,013	\$ 1,414,250	\$ 1,569,850	\$ 3,119,600	\$ 906,738	\$ 8,082,451
2020/21	1,069,763	1,434,750	1,553,850	3,121,600	905,813	8,085,776
2021/22	1,071,513	1,422,500	1,571,850	3,125,850	903,913	8,095,626
2022/23	1,072,013	1,419,000	1,567,100	3,122,100	910,350	8,090,563
2023/24	1,071,263	1,423,750	1,570,600	3,125,600	905,100	8,096,313
2024/25	1,074,263	1,416,250	1,571,850	3,125,850	903,838	8,092,051
2025/26	1,075,763	1,417,000	1,570,850	3,122,850	906,225	8,092,688
2026/27	1,075,763	1,415,500	1,567,600	3,121,600	906,925	8,087,388
2027/28	1,075,288	1,411,250	1,577,100	3,126,850	904,975	8,095,463
2028/29	1,074,163	1,415,000	1,573,600	3,128,100	906,275	8,097,138
2029/30	1,076,550	1,413,250	1,572,600	3,120,350	905,475	8,088,225
2030/31	1,066,800	1,414,000	1,578,850	3,126,288	902,575	8,088,513
2031/32	1,070,800	1,412,000	1,579,250	3,125,350	907,575	8,094,975
2032/33	1,072,800	1,409,200	1,582,650	3,123,100	908,425	8,096,175
2033/34	1,675,800	814,600	1,562,300	3,131,350	901,375	8,085,425
2034/35	1,678,400	821,800	1,561,350	3,124,350	906,788	8,092,688
2035/36	1,673,600	827,600	1,554,200	3,122,600	903,575	8,081,575
2036/37	1,601,600	832,000	1,471,600	3,123,000	907,100	7,935,300
2037/38	-	-	-	6,339,800	461,638	6,801,438
2038/39	-	-	-	6,284,200	454,450	6,738,650
2039/40	-	-	-	6,286,800	455,813	6,742,613
2040/41	-	-	-	-	7,200,000	7,200,000
2041/42	-	-	-	-	7,200,000	7,200,000
2042/43	-	-	-	-	7,200,000	7,200,000
2043/44	-	-	-	-	7,200,000	7,200,000
Total	\$21,648,155	\$23,133,700	\$28,157,050	\$75,147,188	\$46,474,941	\$194,561,034

JURUPA VALLEY PROJECT AREA

<u>Fiscal Year</u>	<u>2011-B</u>	<u>2015-B</u>	<u>2016-B</u>	<u>2017-B</u>	<u>Total</u>
2019/20	\$ 2,468,638	\$ 4,149,800	\$ 3,693,950	\$ 4,990,150	\$ 15,302,538
2020/21	2,463,950	4,142,800	3,703,450	4,993,350	15,303,550
2021/22	2,462,850	4,162,050	3,683,200	4,997,350	15,305,450
2022/23	2,461,275	4,156,050	3,684,450	4,994,850	15,296,625
2023/24	2,469,500	4,160,800	3,680,950	4,990,850	15,302,100
2024/25	2,461,550	4,155,550	3,687,700	4,990,100	15,294,900
2025/26	2,463,075	4,170,550	3,668,950	4,992,100	15,294,675
2026/27	2,462,913	4,159,550	3,685,700	4,991,350	15,299,513
2027/28	2,463,813	4,158,550	3,680,950	4,997,600	15,300,913
2028/29	2,462,250	4,161,800	3,680,450	4,995,100	15,299,600
2029/30	2,467,250	4,153,800	3,683,700	4,993,850	15,298,600
2030/31	2,467,800	4,159,800	3,680,200	4,993,350	15,301,150
2031/32	2,470,000	4,168,800	3,674,000	4,985,200	15,298,000
2032/33	2,470,000	4,165,000	3,678,400	4,983,600	15,297,000
2033/34	2,465,000	3,226,600	3,444,200	6,159,800	15,295,600
2034/35	2,470,000	3,215,800	3,454,200	6,162,000	15,302,000
2035/36	2,185,000	10,231,800	3,461,200	-	15,878,000
2036/37	2,190,000	10,228,400	3,463,200	-	15,881,600
2037/38	14,715,000	-	-	-	14,715,000
2038/39	14,200,000	-	-	-	14,200,000
2039/40	13,645,000	-	-	-	13,645,000
2040/41	10,025,000	-	-	-	10,025,000
2041/42	10,025,000	-	-	-	10,025,000
Total	\$106,434,864	\$85,127,500	\$65,388,850	\$82,210,600	\$339,161,814

MID-COUNTY PROJECT AREA

<u>Fiscal Year</u>	<u>2015-C</u>	<u>2016-C</u>	<u>2017-C</u>	<u>Total</u>
2019/20	\$ 1,037,125	\$ 649,800	\$ 317,294	\$ 2,004,219
2020/21	1,038,875	639,800	318,044	1,996,719
2021/22	1,039,375	644,550	313,544	1,997,469
2022/23	1,038,625	643,300	314,044	1,995,969
2023/24	1,036,625	646,300	314,294	1,997,219
2024/25	1,043,375	638,300	314,294	1,995,969
2025/26	1,033,375	644,800	314,044	1,992,219
2026/27	1,032,375	640,050	318,544	1,990,969
2027/28	1,031,250	649,550	317,544	1,998,344
2028/29	1,032,750	642,550	316,294	1,991,594
2029/30	1,022,500	654,800	314,794	1,992,094
2030/31	1,036,000	645,300	315,575	1,996,875
2031/32	1,032,000	645,100	321,200	1,998,300
2032/33	1,039,400	644,100	318,700	2,002,200
2033/34	1,030,200	647,750	315,950	1,993,900
2034/35	1,035,000	645,800	322,950	2,003,750
2035/36	1,033,200	643,400	314,200	1,990,800
2036/37	1,040,000	639,600	317,200	1,996,800
2037/38	-	-	1,124,800	1,124,800
2038/39	-	-	1,124,800	1,124,800
2039/40	-	-	<u>1,123,200</u>	<u>1,123,200</u>
Total	<u>\$18,632,050</u>	<u>\$11,604,850</u>	<u>\$9,071,309</u>	<u>\$39,308,209</u>

HOUSING

<u>Fiscal Year</u>	<u>2004-A-T</u>	<u>2011 A-T</u>	<u>2014 A</u>	<u>2015 A</u>	<u>2017 A</u>	<u>2017 A-T</u>	<u>2017 B</u>	<u>Total</u>
2019/20	\$ 2,702,517	\$1,772,800	\$ 1,669,850	\$ 1,050,800	\$ 800,550	\$ 3,920,638	\$ 344,400	\$ 12,261,555
2020/21	2,701,784	1,771,200	1,669,850	1,050,550	796,800	3,918,663	344,400	12,253,247
2021/22	2,702,707	-	1,669,850	1,043,800	798,050	3,919,663	1,974,150	12,108,220
2022/23	2,703,261	-	1,669,850	1,050,800	799,050	3,919,163	1,966,650	12,108,774
2023/24	2,703,176	-	1,669,850	1,055,800	799,800	3,920,963	1,958,150	12,107,739
2024/25	2,702,184	-	1,669,850	1,043,800	800,300	3,915,838	1,978,650	12,110,622
2025/26	2,700,016	-	1,669,850	1,050,550	795,550	3,917,388	1,971,650	12,105,004
2026/27	2,701,405	-	1,669,850	1,051,250	795,800	3,918,169	1,968,400	12,104,874
2027/28	800,812	-	3,439,850	1,051,200	795,800	3,921,294	1,963,650	11,972,606
2028/29	-	-	4,236,350	1,049,325	795,550	3,917,256	1,977,400	11,975,881
2029/30	-	-	4,233,600	1,060,563	800,050	3,919,594	1,963,650	11,977,457
2030/31	-	-	4,239,350	1,049,344	796,300	3,917,944	1,963,650	11,966,588
2031/32	-	-	4,237,850	1,056,269	797,400	3,922,306	1,961,650	11,975,475
2032/33	-	-	4,239,100	1,051,794	796,150	3,917,319	1,962,650	11,967,013
2033/34	-	-	5,527,600	-	799,650	3,919,600	1,836,400	12,083,250
2034/35	-	-	5,528,600	-	797,650	3,911,650	1,849,150	12,087,050
2035/36	-	-	5,527,000	-	3,645,400	1,073,663	1,839,150	12,085,213
2036/37	-	-	5,527,600	-	3,640,400	1,075,106	1,837,400	12,080,506
2037/38	-	-	-	-	5,310,800	-	2,143,400	7,454,200
2038/39	-	-	-	-	5,314,400	-	1,926,650	7,241,050
2039/40	-	-	-	-	-	-	6,817,400	6,817,400
2040/41	-	-	-	-	-	-	4,900,650	4,900,650
2041/42	-	-	-	-	-	-	<u>4,898,400</u>	<u>4,898,400</u>
Total	<u>\$22,417,862</u>	<u>\$3,544,000</u>	<u>\$60,095,700</u>	<u>\$14,715,845</u>	<u>\$30,675,450</u>	<u>\$64,846,217</u>	<u>\$52,347,700</u>	<u>\$248,642,774</u>

APPENDIX J
SPECIMEN MUNICIPAL BOND INSURANCE POLICY