

PRELIMINARY OFFICIAL STATEMENT DATED JULY __, 2018

NEW ISSUE—BOOK-ENTRY ONLY

Rating: S&P “__”

See the caption “CONCLUDING INFORMATION—Rating”

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 2018A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, although, in the case of tax years beginning prior to January 1, 2018, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest earned by a corporation prior to the end of its tax year in 2018 is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See the caption “TAX MATTERS.”

\$ _____ *

**SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF RIVERSIDE
2018 TAX ALLOCATION REFUNDING BONDS,
SERIES A**

\$ _____ *

**SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF RIVERSIDE
2018 TAX ALLOCATION REFUNDING BONDS,
TAXABLE SERIES B**

Dated: Delivery Date

Due: September 1, as shown on the inside front cover page

The Successor Agency to the Redevelopment Agency of the City of Riverside 2018 Tax Allocation Refunding Bonds, Series A (the “**2018A Bonds**”) and the Successor Agency to the Redevelopment Agency of the City of Riverside 2018 Tax Allocation Refunding Bonds, Taxable Series B (the “**2018B Bonds**”) and, together with the 2018A Bonds, the “**Bonds**”) will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“**DTC**”), and will be available to ultimate purchasers (“**Beneficial Owners**”) in integral multiples of \$5,000 under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. The principal of, premium if any, and interest (which interest is due March 1 and September 1 of each year, commencing March 1, 2019) on the Bonds will be payable by U.S. Bank National Association, as trustee (the “**Trustee**”), to DTC for subsequent disbursement to DTC Participants, so long as DTC or its nominee remains the registered owner of the Bonds. See the caption “**THE BONDS—Book-Entry System.**”

The 2018A Bonds are being issued pursuant to the Indenture of Trust, dated as of October 1, 2014 (the “**Original Indenture**”), as supplemented by the Second Supplement to Indenture of Trust, dated as of August 1, 2018 (the “**Second Supplement**”), by and between the Trustee and the Successor Agency to the Redevelopment Agency of the City of Riverside (the “**Agency**”): (i) to refund certain obligations of the former Redevelopment Agency of the City of Riverside currently outstanding in the aggregate principal amount of \$____, * as described under the caption “**REFUNDING PLAN;**” (ii) to fund a portion of the premium for a Municipal Bond Debt Service Reserve Insurance Policy from _____ for deposit in the 2018 Reserve Account for the benefit of the 2018A Bonds; and (iii) to pay certain costs of issuance of the 2018A Bonds.

The 2018B Bonds are being issued pursuant to the Original Indenture, as supplemented by the Third Supplement to Indenture of Trust, dated as of August 1, 2018 (the “**Third Supplement**”), by and between the Trustee and the Agency: (i) to refund certain obligations of the former Redevelopment Agency of the City of Riverside currently outstanding in the aggregate principal amount of \$____, * as described under the caption “**REFUNDING PLAN;**” (ii) to fund a portion of the premium for a Municipal Bond Debt Service Reserve Insurance Policy from _____ for deposit in the 2018 Reserve Account for the benefit of the 2018B Bonds; and (iii) to pay certain costs of issuance of the 2018B Bonds.

The Original Indenture, the First Supplement to Indenture of Trust, dated as of October 1, 2014, by and between the Agency and the Trustee, the Second Supplement and the Third Supplement are collectively referred to as the “**Indenture**”).

The Bonds are subject to optional redemption prior to maturity as described under the caption “THE BONDS—Redemption.”

The Bonds are payable from and secured by the Tax Revenues deposited in the Redevelopment Property Tax Trust Fund on a subordinate basis to certain obligations of the Agency and on a parity with certain bonds currently outstanding in the aggregate principal amount of \$51,040,000 and certain other ongoing obligations of the Agency, as more fully described under the caption “**SECURITY FOR THE BONDS.**” Taxes levied on the property within the Project Areas on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll, to the extent that such taxes constitute Tax Revenues, will be deposited in the Redevelopment Obligation Retirement Fund and administered by the Agency and the Trustee in accordance with the Indenture.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain risk factors more fully described herein.

The Bonds are not a debt of the City of Riverside, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The principal of and interest on the Bonds are payable solely from the Tax Revenues allocated to the Agency from the Project Areas (all as defined herein and in the Indenture) and other funds as set forth in the Indenture.

The Bonds are offered, when, as and if issued, subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will be passed on for the Agency by the City Attorney of the City of Riverside, as counsel to the Agency, and by, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel, for the Underwriter by Kutak Rock LLP, Los Angeles, California, and for the Trustee by its counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about August __, 2018.

STIFEL

Dated: August __, 2018

* Preliminary, subject to change.

MATURITY SCHEDULE

Base CUSIP[†] ____

\$ ____*

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE 2018 TAX ALLOCATION REFUNDING BONDS, SERIES A

<i>Maturity Date</i> <i>(September 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>
	\$	%	%		

\$ ____*

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE 2018 TAX ALLOCATION REFUNDING BONDS, TAXABLE SERIES B

<i>Maturity Date</i> <i>(September 1)</i>	<i>Principal</i> <i>Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>
	\$	%	%		

* Preliminary, subject to change.

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**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Riverside, California**

BOARD OF DIRECTORS

Rusty Bailey, *Chair*
Mike Gardner
Andy Melendrez
Mike Soubirous
Chuck Conder
Chris MacArthur
James Perry
Steve Adams

AGENCY STAFF

Al Zelinka, *City Manager*
Alex Nguyen, *Assistant City Manager*
Marianna Marysheva, *Assistant City Manager*
Adam Raymond, *Chief Financial Officer/City Treasurer*
Edward Enriquez, *Assistant Chief Financial Officer/Deputy Treasurer*
Colleen J. Nicol, *City Clerk*
Gary Geuss, *City Attorney*

SPECIAL SERVICES

Bond Counsel

Jones Hall, A Professional Law Corporation,
San Francisco, California

Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation,
Newport Beach, California

Trustee

U.S. Bank National Association
Los Angeles, California

Municipal Advisor

CSG Advisors Incorporated
San Francisco, California

Fiscal Consultant

DHA Consulting, LLC
Long Beach, California

Verification Agent

[TO COME]

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Agency or the Underwriter to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been given or authorized by the Agency or the Underwriter.

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds that are described in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement does not constitute a contract between any Bond owner and the Agency or the Underwriter.

Preparation of this Official Statement. The information that is contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. 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.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure made by the Agency, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “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 subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions that are used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

This Official Statement speaks only as of its date, and the information and expressions of opinion that are contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Agency or the other parties described in this Official Statement, since the date of this Official Statement.

Document Summaries. All summaries of the Indenture or other documents contained in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all such provisions. All references in this Official Statement to the Indenture and such other documents are qualified in their entirety by reference to such documents, which are on file with the Agency.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

No Registration with the SEC. 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.

Public Offering Prices. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY EFFECT 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 Underwriter may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and the Underwriter may change such public offering prices from time to time.

Website. The City of Riverside maintains an Internet website. However, the information maintained on such website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

[MAPS]

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\$ _____ *

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF RIVERSIDE
2018 TAX ALLOCATION REFUNDING
BONDS, SERIES A**

\$ _____ *

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY OF RIVERSIDE
2018 TAX ALLOCATION REFUNDING
BONDS, TAXABLE SERIES B**

INTRODUCTORY STATEMENT

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the Successor Agency to the Redevelopment Agency of the City of Riverside (the “**Agency**”) of its \$ _____ * 2018 Tax Allocation Refunding Bonds, Series A (the “**2018A Bonds**”) and \$ _____ * 2018 Tax Allocation Refunding Bonds, Taxable Series B (the “**2018B Bonds**” and, together with the 2018A Bonds, the “**Bonds**”).

Authority and Purpose

The 2018A Bonds are being issued pursuant to the Constitution and laws of the State of California (the “**State**”), including the Community Redevelopment Law, being Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State (the “**Redevelopment Law**”), Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “**Bond Law**”), and an Indenture of Trust, dated as of October 1, 2014 (the “**Original Indenture**”), by and between the Agency and U.S. Bank National Association, as trustee (the “**Trustee**”), as supplemented by the Second Supplement to Indenture of Trust, dated as of August 1, 2018 (the “**Second Supplement**”), by and between the Agency and the Trustee.

The 2018B Bonds are being issued pursuant to the Constitution and laws of the State, including the Redevelopment Law, the Bond Law and the Original Indenture, as supplemented by the Third Supplement to Indenture of Trust, dated as of August 1, 2018 (the “**Third Supplement**”), by and between the Agency and the Trustee.

See the caption “THE BONDS—Authority for Issuance.”

The Original Indenture, the First Supplement to Indenture of Trust, dated as of October 1, 2014 (the “**First Supplement**”), by and between the Agency and the Trustee, the Second Supplement and the Third Supplement are collectively referred to as the “**Indenture**.”

The 2018A Bonds are being issued: (i) to refund certain obligations of the former Redevelopment Agency of the City of Riverside (the “**Prior Agency**”) currently outstanding in the aggregate principal amount of \$ _____, * as described under the caption “REFUNDING PLAN;” (ii) to fund a portion of the premium for a Municipal Bond Debt Service Reserve Insurance Policy (“**Reserve Surety**”) from _____ (the “**Surety Provider**”) for deposit in the 2018 Reserve Account for the benefit of the 2018A Bonds; and (iii) to pay certain costs of issuance of the 2018A Bonds.

The 2018B Bonds are being issued: (i) to refund certain obligations of the Prior Agency currently outstanding in the aggregate principal amount of \$ _____, * as described under the caption “REFUNDING PLAN;” (ii) to fund a portion of the premium for the Reserve Surety for deposit in the 2018 Reserve Account for the benefit of the 2018B Bonds; and (iii) to pay certain costs of issuance of the 2018B Bonds.

See the caption “SOURCES AND USES OF FUNDS.”

* Preliminary, subject to change.

The Bonds are payable from and secured by the Tax Revenues deposited in the Redevelopment Property Tax Trust Fund: (i) on a subordinate basis to certain ongoing obligations of the Agency (collectively, the “**Senior Obligations**”), as more fully described under the caption “SECURITY FOR THE BONDS—Senior Obligations;” and (ii) on a parity with certain bonds (the “**2014 Bonds**”) currently outstanding in the aggregate principal amount of \$51,040,000 and certain other ongoing obligations of the Agency. See the caption “SECURITY FOR THE BONDS—Parity Obligations.”

The City and the Agency

The City of Riverside (the “**City**”) was incorporated in 1883 and became a charter city in 1953. The City now encompasses approximately 81.5 square miles, and has a current estimated population of approximately 325,000. The City is located approximately 60 miles east of downtown Los Angeles, in the western portion of the County of Riverside (the “**County**”), near Orange and San Bernardino Counties. See Appendix F for further information with respect to the City.

The Prior Agency was established pursuant to the Redevelopment Law and was activated by Ordinance No. 3481 adopted by the City Council on November 14, 1967, at which time the City Council declared itself to be the governing board of the Prior Agency. The Prior Agency was charged with redeveloping and upgrading blighted areas of the City.

On June 29, 2011, Assembly Bill No. 26 (“**AB X1 26**”) was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 (“**AB X1 27**”). A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (Dec. 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27 and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Prior Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions of AB X1 26 relating to the dissolution and winding down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health & Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 (“**AB 1484**”), enacted as Chapter 26, Statutes of 2012 and as further amended on September 22, 2015 by Senate Bill 107 (“**SB 107**”), enacted as Chapter 325, Statutes of 2015 (collectively, as amended from time to time, the “**Dissolution Act**”).

On January 10, 2012, pursuant to Resolution No. 22322 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the successor agency to the Prior Agency. Section 34173(g) of the Dissolution Act, which was added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities shall not merge, that the liabilities of the Prior Agency will not be transferred to the City and that the assets of the Prior Agency will not become assets of the City. Members of the City Council serve as both Council members and Agency Board members.

The Redevelopment Plans

Redevelopment plans were adopted by the Prior Agency for the following seven redevelopment project areas (each, a “**Project Area**” and collectively, the “**Project Areas**”), each of which is discussed in detail under the caption “THE PROJECT AREAS”:

1. University Corridor/Sycamore Canyon Merged Redevelopment Project Area;
2. Downtown/Airport Merged Redevelopment Project Area;

3. Casa Blanca Redevelopment Project Area;
4. Arlington Redevelopment Project Area;
5. Magnolia Center Redevelopment Project Area;
6. Hunter Park/Northside Redevelopment Project Area; and
7. La Sierra/Arlanza Redevelopment Project Area.

The above-listed Project Areas constitute all of the Prior Agency's active redevelopment project areas. Although a redevelopment project for the Eastside Redevelopment Project Area previously existed, such redevelopment project has expired in accordance with its redevelopment plan and tax increment revenues are no longer derived from the Eastside Redevelopment Project Area. See the caption "THE PROJECT AREAS—The Eastside Redevelopment Project Area."

Pursuant to the Indenture, the Agency will deposit moneys constituting Tax Revenues promptly upon receipt from all Project Areas into the Redevelopment Obligation Retirement Fund established within the Redevelopment Property Tax Trust Fund pursuant to Section 34170.5(a) of the Dissolution Act. Moneys held in the Redevelopment Obligation Retirement Fund will be transferred to the Trustee at the times specified in the Indenture to make payments of principal of and interest on the Bonds, all as described under the caption "SECURITY FOR THE BONDS."

Tax Allocation Financing

Prior to the enactment of AB X1 26, 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 that 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.

The Dissolution Act requires the Auditor-Controller of the County of Riverside (the "**County Auditor-Controller**") to determine the amount of property taxes that would have been allocated to the Prior Agency had the Prior Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll, and to deposit such amount in a Redevelopment Property Tax Trust Fund pursuant to the Dissolution Act. Section 34177.5(g) of the Dissolution Act provides that any bonds that are authorized to be issued by the Agency will be considered indebtedness incurred by the dissolved Prior Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, will be included in the Agency's Recognized Obligation Payment Schedule and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund.

Under the Dissolution Act, the Tax Revenues (as such term is defined below) 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.

The Bonds are payable from, and are secured by, the Tax Revenues (as such term is defined below), and from amounts or securities on deposit in the funds and accounts that are pledged under the Indenture. See the caption "SECURITY FOR THE 2018 BONDS."

Under the Indenture, “**Tax Revenues**” consist of the amounts deposited in the Redevelopment Property Tax Trust Fund for the Agency established and held by the County Auditor-Controller (the “**Redevelopment Property Tax Trust Fund**”) pursuant to the Section 34183(a)(2) of the Dissolution Act, excluding: (i) for each Senior Obligation that is described under the caption “SECURITY FOR THE BONDS—Senior Obligations”: (A) the amount pledged under the Senior Obligation Indenture (as such term is defined below) to make payments on such Senior Obligation, but only to the extent required to make such payments; and (B) if there is no pledge under the Senior Obligation Indenture, the amount payable under the Senior Obligation Indenture; and (ii) statutory pass-through amounts payable to other taxing agencies pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law (except and to the extent that any such amounts are payable on a basis subordinate to payment of the Bonds). See the caption “SECURITY FOR THE BONDS—Tax Increment Financing.”

The term “**Senior Obligation Indenture**” is defined in the Original Indenture to mean the indenture or other instrument providing for the issuance or payment of the Senior Obligations.

Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption “RISK FACTORS.”

Security for the Bonds

The Bonds are secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund (including the Tax Revenues), and property tax revenues pledged to the Bonds are taxes allocated to the Agency pursuant to the provisions of the Redevelopment Law and the State Constitution.

If and to the extent that the applicable property tax revenue provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid, and in place of any such invalid provisions, then Tax Revenues will include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the State Constitution and the provisions of the prior indentures and trust agreements relating to the Refunded Bonds (as such term is defined under the caption “REFUNDING PLAN”).

The Bonds are payable from and secured by the Tax Revenues, all of the moneys in the Redevelopment Obligation Retirement Fund established and held by the Agency pursuant to the Dissolution Act and all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, the Redemption Account and the 2018 Reserve Account) established and held by the Trustee under the Indenture. 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 with respect to the various territories within the Project Areas, to the extent that such taxes constitute Tax Revenues as described in this Official Statement, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Agency’s Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Agency’s Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See the caption “SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule.” Moneys deposited by the County Auditor-Controller into the Agency’s Redevelopment Obligation Retirement Fund will be transferred by the Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

See the caption “SECURITY FOR THE 2018 BONDS—Limitation on Additional Indebtedness” for a description of the conditions pursuant to which the Agency may issue additional obligations payable from the Tax Revenues on a parity with the Bonds. See also the captions “SECURITY FOR THE BONDS—Senior Obligations” for a discussion of additional Agency obligations that are payable from tax increment revenues prior to payment of the Bonds.

The Agency has no power to levy and collect taxes, and any legislative enactment or State Constitutional amendment having the effect of reducing the property tax rate would necessarily reduce the amount of Tax Revenues that are available to pay the principal of and interest on the Bonds. Likewise, broadened property tax exemptions could have a similar effect. Additional factors that could affect the availability of Tax Revenues are set forth under the caption “THE PROJECT AREAS.” See also the caption “RISK FACTORS” for other matters which may affect the collection of Pledged Tax Revenues.

Senior Obligations

The use of tax increment revenues from the Project Areas to pay debt service on the Bonds is subject to the prior pledge or priority of payment of certain tax increment revenues under the Senior Obligations. See the caption “SECURITY FOR THE BONDS—Senior Obligations” for a description of each of the Senior Obligations.

Reserve Surety

A 2018 Reserve Account for the Bonds is established pursuant to the Indenture, the Second Supplement and the Third Supplement in an amount equal to the 2018 Reserve Requirement of \$____. The Surety Provider has committed to issue, simultaneously with the issuance of the Bonds, a Reserve Surety in the principal amount of the 2018 Reserve Requirement for deposit in the 2018 Reserve Account for the benefit of the Bonds. See the caption “SECURITY FOR THE BONDS—Deposit of Amounts by the Trustee—Reserve Account.”

Further Information

Brief descriptions of the Bonds, the Indenture, the Agency, the Prior Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bond Law, the Redevelopment Law, the Dissolution Act, the Constitution and the laws of the State as well as the proceedings of the Prior Agency, the Agency and the City are qualified in their entirety by reference to such documents. References herein to the Bonds are qualified in their entirety by the form thereof included in the Indenture and the information with respect thereto included herein, copies of which are all available for inspection at the offices of the Agency. Copies of the forms of all documents are available from the City Clerk’s office, City of Riverside, 3900 Main Street, 7th Floor, Riverside, California 92522.

Capitalized terms that are used herein and not defined have the meanings set forth in Appendix B.

REFUNDING PLAN

General

The Agency expects to apply a portion of the proceeds of the Bonds, together with other funds on hand, to refund all amounts payable pursuant to the below-listed obligations (collectively, the “**Refunded Bonds**”) or about August __, 2018 (the “**Redemption Date**”), in each case at a redemption price (the “**Redemption Price**”) equal to the outstanding principal amount thereof plus interest accrued to the Redemption Date, without premium.

<i>Name of Issuance</i>	<i>Outstanding Principal Amount</i>
Redevelopment Agency of the City of Riverside University Corridor/Sycamore Canyon Merged Redevelopment Project Area 2007 Tax Allocation Bonds, Series A-1 (the “2007A-1 Bonds”)	\$9,040,000
Redevelopment Agency of the City of Riverside University Corridor/Sycamore Canyon Merged Redevelopment Project Area 2007 Tax Allocation Bonds, Series A-2 (the “2007A-2 Bonds”)	\$14,475,000
Redevelopment Agency of the City of Riverside Downtown/Airport Merged Redevelopment Project Area 2007 Tax Allocation Bonds, Series B-1 (the “2007B-1 Bonds”)	\$785,000
Redevelopment Agency of the City of Riverside Downtown/Airport Merged Redevelopment Project Area 2007 Tax Allocation Bonds, Series B-2 (the “2007B-2 Bonds”)	\$8,200,000
Redevelopment Agency of the City of Riverside Casa Blanca Redevelopment Project Area 2007 Tax Allocation Bonds, Series C-1 (the “2007C-1 Bonds”)	\$7,310,000
Redevelopment Agency of the City of Riverside Casa Blanca Redevelopment Project Area 2007 Tax Allocation Bonds, Series C-2 (the “2007C-2 Bonds”)	\$2,245,000
Redevelopment Agency of the City of Riverside Arlington Redevelopment Project Area 2007 Tax Allocation Bonds, Series D-1 (the “2007D-1 Bonds”)	\$11,910,000
Redevelopment Agency of the City of Riverside Arlington Redevelopment Project Area 2007 Tax Allocation Bonds, Series D-2 (the “2007D-2 Bonds”)	\$3,505,000
Redevelopment Agency of the City of Riverside Hunter Park/Northside Redevelopment Project Area 2007 Tax Allocation Bonds, Series E-1 (the “2007E-1 Bonds”)	\$18,970,000
Redevelopment Agency of the City of Riverside Magnolia Center Redevelopment Project Area 2007 Tax Allocation Bonds, Series F-1 (the “2007F-1 Bonds”)	\$5,035,000
Redevelopment Agency of the City of Riverside Magnolia Center Redevelopment Project Area 2007 Tax Allocation Bonds, Series F-2 (the “2007F-2 Bonds”)	\$8,895,000
Redevelopment Agency of the City of Riverside La Sierra/Arlanza Redevelopment Project Area 2007 Tax Allocation Bonds, Series G-1 (the “2007G-1 Bonds”)	\$37,095,000
TOTAL	\$127,465,000

Under an Escrow Deposit and Trust Agreement, dated as of August 1, 2018 (the “**Escrow Agreement**”), by and among the Riverside Public Financing Authority (the “**Authority**”), the Agency and U.S. Bank National Association, as escrow bank (the “**Escrow Bank**”), the Agency will cause a portion of the proceeds of the Bonds to be delivered to the Escrow Bank for deposit in the Escrow Fund established under the Escrow Agreement (the “**Escrow Fund**”), and within the Escrow Fund a Tax-Exempt Bonds Escrow Subaccount and a Taxable Bonds Escrow Subaccount. Such amounts to be delivered by or on behalf of the Agency to the Escrow Bank on the Closing Date, together with amounts transferred from funds and accounts established in connection with each

series of the Refunded Bonds, will be sufficient to pay the Redemption Price of the Refunded Bonds on the Redemption Date.

Sufficiency of the deposits in the Escrow Fund for such purposes will be verified by [] (the “**Verification Agent**”). Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided in the Escrow Agreement, the Refunded Bonds will be defeased pursuant to the provisions of the indentures under which they were issued as of the date of issuance of the Bonds.

The amounts held by the Escrow Bank in the applicable subaccounts of the Escrow Fund are pledged solely to the redemption of the applicable Refunded Bonds. Neither the moneys deposited in the Escrow Fund nor the interest on the invested moneys will be available for the payments of principal of and interest on the Bonds.

Verification of Mathematical Computations

Upon issuance of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to the adequacy of the cash to be deposited in the respective subaccounts of the Escrow Fund to pay the Redemption Price of the applicable series of Refunded Bonds.

Sources and Uses of Funds

The estimated sources and uses of funds are summarized as follows:

Sources⁽¹⁾:	2018A Bonds	2018B Bonds	Total
Principal Amount of Bonds	\$	\$	\$
Plus Other Moneys ⁽²⁾			
Plus Original Issue Premium			
Total Sources:	\$	\$	\$
Uses⁽¹⁾:			
Tax-Exempt Refunded Bonds Escrow Fund	\$	\$	\$
Taxable Refunded Bonds Escrow Fund			
Costs of Issuance Fund ⁽³⁾			
Total Uses:	\$	\$	\$

⁽¹⁾ Amounts rounded to nearest dollar.

⁽²⁾ Reflects moneys held in funds and accounts established in connection with the Refunded Bonds.

⁽³⁾ Includes fees and expenses of Bond Counsel, Municipal Advisor, Fiscal Consultant, Trustee, Escrow Agent, Underwriter’s counsel and Verification Agent, printing expenses, rating agency fees, Underwriter’s discount, premium for the Reserve Surety and other miscellaneous costs.

THE BONDS

Authority for Issuance

The Bonds were authorized for issuance pursuant to the Indenture, the Bond Law, and the Dissolution Act. Direction to undertake the issuance of the Bonds and the execution of the related documents was authorized by the Agency pursuant to a resolution adopted on May 8, 2018 (the “**Resolution**”), and by the Oversight Board of the Agency pursuant to a resolution adopted on May 16, 2018 (the “**Oversight Board Action**”).

Written notice of the Oversight Board Action was provided to the State Department of Finance (the “**DOF**”) pursuant to the Dissolution Act on May 16, 2018. On July __, 2018, the DOF provided a letter to the

Agency stating that based on the DOF's review and application of the law, the Oversight Board Action approving the Bonds is approved by the DOF.

Description of the Bonds

The Bonds will be issued in fully-registered form without coupons in integral multiples of \$5,000 for each maturity, initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"), as registered owner of all Bonds. See the caption "**—Book-Entry System.**" The Bonds will be dated the Closing Date and mature on September 1 in the years and in the amounts shown on the inside front cover page of this Official Statement. Interest on the Bonds will be calculated at the rates shown on the inside cover page of this Official Statement, payable semiannually on March 1 and September 1 in each year, commencing on March 1, 2019 (each, an "**Interest Payment Date**").

Interest on the Bonds (including the final interest payment upon maturity) will be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the close of business on the 15th calendar day of the month preceding such Interest Payment Date, whether or not such 15th calendar day is a Business Day (each, a "**Record Date**") immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date, to such Owner at the address of such Owner as it appears on the Registration Books as of such Record Date; provided however, that payment of interest may be by wire transfer to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of \$1,000,000 or more who furnish written wire instructions to the Trustee prior to the applicable Record Date. Principal of and redemption premium (if any) on any Bond will be paid upon presentation and surrender thereof, at maturity or earlier redemption, at the Principal Corporate Trust Office of the Trustee. Both the principal of and interest and redemption premium (if any) on the Bonds will be payable in lawful money of the United States of America.

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) a Bond is authenticated on or before the first Record Date, in which event it will bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Book-Entry System

DTC 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See Appendix D for further information with respect to DTC and its book-entry system.

Redemption

2018A Bonds. The 2018A Bonds maturing on or before September 1, 20__ are not subject to optional redemption prior to maturity. The 2018A Bonds maturing on and after September 1, 20__, are subject to redemption, at the option of the Agency on any date on or after September 1, 20__, as a whole or in part, by such maturities as determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the 2018A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

2018B Bonds. The 2018B Bonds maturing on or before September 1, 20__ are not subject to optional redemption prior to maturity. The 2018B Bonds maturing on and after September 1, 20__, are subject to redemption, at the option of the Agency on any date on or after September 1, 20__, as a whole or in part, by such

maturities as determined by the Agency, and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount of the 2018B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Notice of Redemption. The Trustee on behalf and at the expense of the Agency will mail (by first class mail, postage prepaid) notice of any redemption at least 30 but not more than 60 days prior to the redemption date, to: (i) to the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Information Services; but such mailing is not a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice must state the redemption date and the redemption price, state that such redemption is conditioned upon the timely delivery of the redemption price by the Agency to the Trustee for deposit in the Redemption Account, designate the CUSIP number of the Bonds to be redeemed, state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or all of the Bonds Outstanding are to be redeemed, and require that such Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The Agency has the right to rescind any notice of the optional redemption of Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will 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 will not constitute an Event of Default. The Agency and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Indenture.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose will, 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.

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

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the redemption price of and interest on the Bonds so called for redemption have been duly deposited with the Trustee, such Bonds so called will cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest will accrue thereon from and after the redemption date specified in such notice.

Manner of Redemption. Whenever any Bonds or portions thereof are to be selected for redemption by lot, the Trustee will make such selection, in such manner as the Trustee deems appropriate, and notify the Successor Agency thereof to the extent Bonds are no longer held in book-entry form. In the event of redemption by lot of Bonds, the Trustee will assign to each Bond then Outstanding a distinctive number for each \$5,000 of the principal amount of each such Bond. The Bonds to be redeemed will be the Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Bond of a denomination of more than \$5,000 will be redeemed as will equal \$5,000 for each number assigned to it and so selected. All Bonds redeemed or purchased pursuant to the Indenture will be cancelled and destroyed.

Annual Debt Service

The table below sets forth debt service on the Senior Obligations and debt service on the Bonds.

<i>Year</i>				<i>2018A Bonds</i>			<i>2018B Bonds</i>			<i>Total Senior Obligation and Parity Debt Service</i>
<i>(Amount Payable as of September 1)</i>	<i>Senior Obligations⁽¹⁾</i>	<i>Parity Debt⁽²⁾</i>		<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
2019	\$			\$	\$	\$	\$	\$	\$	\$
2020										
2021										
2022										
2023										
2024										
2025										
2026										
2027										
2028										
2029										
2030										
2031										
2032										
2033										
2034										
2035										
2036										
2037										
Total	\$			\$	\$	\$	\$	\$	\$	\$

⁽¹⁾ Reflects debt service on Senior Obligations other than Senior Obligation Pass-Through Agreements. See the caption “SECURITY FOR THE BONDS—Senior Obligations.”

⁽²⁾ Reflects debt service on the 2014 Bonds. See the caption “SECURITY FOR THE BONDS—Parity Obligations.”

Source: Stifel, Nicolaus & Company, Incorporated.

SECURITY FOR THE BONDS

General

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Prior Agency (pursuant to Section 16(b) of Article XVI of the State Constitution) had the Prior Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll, and to deposit such amount in the Redevelopment Property Tax Trust Fund for the Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized thereunder to be issued by the Agency will be considered indebtedness incurred by the dissolved Prior Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, will be included in the Agency's Recognized Obligation Payment Schedule and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to the Dissolution Act. Property tax revenues pledged to any bonds authorized to be issued by the Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Agency pursuant to of Section 33670(b) of the Redevelopment Law and Section 16 of Article XVI of the State Constitution. See Appendix B and the caption "—Recognized Obligation Payment Schedule."

Pursuant to Section 33670(b) of the Redevelopment Law and Section 16 of Article XVI of the State Constitution, and as provided in the redevelopment plans for the Project Areas, taxes levied upon taxable property in the Project Areas each year by or for the benefit of the State, any city, county, district, or other public corporation (herein sometimes collectively called "**taxing agencies**") after the effective date of the ordinance approving the applicable redevelopment plan, or the respective effective dates of ordinances approving amendments to the redevelopment plan that added territory to the applicable Project Area, as applicable, are to be divided as follows:

(a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the applicable Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable redevelopment plan, or the respective effective dates of ordinances approving amendments thereto that added territory to the applicable Project Area, as applicable (each, a "**base year valuation**"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Prior Agency/Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which is attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion will be allocated to, and when collected will be paid into, the fund of that taxing agency (as discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIII A of the State Constitution"), that portion of the levied taxes each year in excess of such amount, annually allocated within the redevelopment plan limit, when collected will be paid into a special fund of the Prior Agency. Section 34172(a) of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund will be deemed to be a special fund of the Agency to pay the debt service on indebtedness incurred by the Prior Agency or the Agency to finance or refinance the redevelopment projects of the Prior Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller (as discussed under the caption "PROPERTY TAX COLLECTION IN CALIFORNIA—Property Tax Collection

Procedures—Property Tax Administrative Costs”), constitutes the amount 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 January 1, 1989 date referred to in paragraph (b) above.

On a subordinate basis to the Senior Obligations (as described under the caption “—Senior Obligations”), the Bonds are payable from and secured by deposits into the Redevelopment Property Tax Trust Fund to be derived from the Project Areas. See the caption “—Security of Bonds; Equal Security.”

The Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any Fiscal Year to pay the principal of and interest on the Bonds. See the captions “—Tax Increment Financing,” “—Recognized Obligation Payment Schedule,” “PROPERTY TAXATION IN CALIFORNIA” and “RISK FACTORS.”

The Bonds are not a debt of the City, the State, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable thereon, nor in any event will the Bonds be payable out of any funds or properties other than those of the Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Security of Bonds; Equal Security

Pursuant to Section 34177.5(g) of the Dissolution Act, except as provided in the Indenture, the Bonds and all Parity Debt will be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, including all of the Tax Revenues in the Redevelopment Obligation Retirement Fund and all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account and the 2018 Reserve Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Tax Revenues and such moneys, no funds or properties of the Agency will be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

As defined in the Indenture, “Tax Revenues” means, for each fiscal year of the Agency ending June 30 (each, a “**Fiscal Year**”), all moneys deposited in the Redevelopment Property Tax Trust Fund, as provided in Section 34183(a)(2) of the Dissolution Act, excluding: (i) for each Senior Obligation: (A) the amount pledged under the Senior Obligation Indenture to make payments on such Senior Obligation, but only to the extent required to make such payments; and (B) if there is no pledge under the Senior Obligation Indenture, the amount payable under the Senior Obligation Indenture; and (ii) statutory pass-through amounts payable to other taxing agencies pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law (except and to the extent that any such amounts are payable on a basis subordinate to payment of the Bonds). See Appendix B.

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 with respect to the various territories within the Project Areas, to the extent that they constitute Tax Revenues as described above, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Agency’s Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Agency’s approved Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See the caption “—Recognized Obligation Payment Schedule.” Moneys deposited by the County Auditor-Controller into the Agency’s Redevelopment Obligation Retirement Fund will be transferred by the Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

In consideration of the acceptance of the Bonds by those who hold the same from time to time, the Indenture will be deemed to be and will constitute a contract between the Agency and the Owners from time to time of the Bonds, and the covenants and agreements set forth in the Indenture to be performed on behalf of the Agency will be for the equal and proportionate benefit, security and protection of all Owners of the Bonds

without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or in the Indenture.

Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues

The Agency has established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Dissolution Act, and, so long as any of the Bonds are Outstanding, the Agency will continue to hold and maintain such fund as a separate fund in its treasury (which will be a separate account from other accounts of the Agency and the City into which no other moneys may be deposited). The Agency will deposit all of the Tax Revenues received with respect to any Recognized Obligation Payment Schedule period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, and beginning on July 1 of any calendar year and ending on December 31 of such calendar year (each, a “**Semiannual Period**”) into the Redevelopment Obligation Retirement Fund promptly upon receipt by the Agency.

All Tax Revenues received by the Agency with respect to a Bond Year in excess of the amount required to pay debt service on the Bonds and any Parity Debt, and except as may be provided to the contrary in any Senior Obligation Indenture or Parity Debt Instrument, will be released from the pledge and lien under the Indenture and will be applied in accordance with the Redevelopment Law, including but not limited to the payment of any amounts due and owing to the United States of America pursuant to the Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indentures, the Agency will not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

Deposit of Amounts by Trustee

There has been established under the Indenture a trust fund to be known as the Debt Service Fund, which will be held by the Trustee in trust. Concurrently with transfers with respect to Parity Debt pursuant to Parity Debt Instruments, moneys in the Redevelopment Obligation Retirement Fund will be transferred by the Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are hereby established in the Debt Service Fund, and in the following order of priority:

Interest Account. On or before the fourth Business Day preceding each Interest Payment Date, the Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on such date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date upon all of the Outstanding Bonds. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it will become due and payable.

Principal Account. On or before the fourth Business Day preceding September 1, 20__ and each September 1 thereafter, the Agency will withdraw from the Redevelopment Obligation Retirement Fund and transfer to the Trustee for deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Bonds, including the aggregate principal amount of the Term Bonds required to be redeemed pursuant to the Supplemental Indenture, on the next September 1. No such transfer and deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next September 1 on all of the Outstanding Bonds. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds, including the aggregate principal amount of

the Term Bonds required to be redeemed pursuant to a Supplemental Indenture, as it will become due and payable.

2018 Reserve Account.

General. There has been established in the Debt Service Fund by the Indenture a separate fund and account known as the “**2018 Reserve Account**” solely as security for payments on the 2018A Bonds and the 2018B Bonds payable by the Agency pursuant to the Indenture, which will be held by the Trustee in trust for the benefit of the Owners of the Bonds. The 2018 Reserve Requirement for the 2018A Bonds and the 2018B Bonds will be satisfied by the delivery of the Reserve Surety by the Surety Provider to the Trustee on the Closing Date. The Trustee will draw on the Reserve Surety in accordance with its terms and conditions and the terms of the Indenture.

The Bonds will be equally secured by a pledge of, security interest in and lien on all of the moneys in the 2018 Reserve Account, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Bonds have no right to moneys on deposit in the Reserve Account established for the benefit of the 2014 Bonds pursuant to the Original Indenture and the First Supplement.

The term “**2018 Reserve Requirement**” means \$ ____.

The amounts available under the Reserve Surety will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the 2018A Bonds and the 2018B Bonds then Outstanding.

The Trustee will comply with all documentation relating to the Reserve Surety as required to maintain the Reserve Surety in full force and effect and as required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture. The Agency has no obligation to replace the Reserve Surety or to fund the 2018 Reserve Account with cash if, at any time that the Bonds are Outstanding, amounts are not available under the Reserve Surety.

See Appendix B under the captions “Establishment of Funds and Accounts; Flow of Funds—2018 Reserve Account” and “Establishment of Funds and Accounts; Flow of Funds—Reserve Policy” for further information with respect to the procedure for drawing upon the Reserve Surety.

Tax Increment Financing

General. Prior to the enactment of AB X1 26, 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 that the taxable valuation never dropped 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.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, 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. Under the Indenture, Tax Revenues consist of all moneys deposited in the Redevelopment Property Tax Trust Fund, as provided in Section 34183(a)(2) of the Dissolution Act, excluding: (i) for each Senior Obligation: (A) the amount pledged under the Senior Obligation Indenture to make payments on such Senior Obligation, but only to the extent required to make such payments; and (B) if there is no pledge under the Senior Obligation Indenture, the amount payable under the Senior Obligation Indenture; and (ii) statutory pass-through amounts payable to other taxing agencies pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law (except and to the extent that any such amounts are payable on a basis subordinate to payment of the Bonds). See the caption “—Tax Sharing.” Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption “RISK FACTORS.”

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. However, the Dissolution Act requires only that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund with respect to each former redevelopment agency within the respective county. Additionally, the Dissolution Act requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency will be allocated to the Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area (as did the Prior Agency), the Dissolution Act combines the property tax revenues derived from all project areas into a *single trust fund*, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. To the extent that the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states that “It is the intent ... that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.” The Agency believes that, subject to the prior claim or lien of the Senior Obligations, all of the Tax Revenues from all Project Areas will secure all of the Bonds.

Tax Sharing. The Redevelopment Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Prior Agency entered into several agreements for this purpose (the “**Pass-Through Agreements**”). In addition, Sections 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 county auditor-controllers to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed under the Pass-Through Agreements and for Statutory Pass-Through Amounts 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 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 Prior Agency, as succeeded to by the Agency; (ii) the Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, as applicable, that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Agency’s Redevelopment Obligation Retirement Fund, from other funds transferred from the Prior Agency and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Agency’s enforceable obligations, pass-through payments and the Agency’s administrative cost allowance for the applicable six-month period; and (iii) the State Controller has concurred with the Agency that there are insufficient funds for such purposes for the applicable six-month period.

If the requirements set forth 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 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 Agency's enforceable obligations, pass-through payments and the Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Agency for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under Pass-Through Agreements and for Statutory Pass-Through Amounts, in order to be paid to the Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted.

The Dissolution Act provides for a procedure by which the Agency may make Statutory Pass-Through Amounts subordinate to the Bonds. The Agency has undertaken the requisite procedures to obtain such subordination of the Statutory Pass-Through Amounts and, therefore, Statutory Pass-Through Amounts are subordinate to the Bonds. See the caption "THE PROJECT AREAS." Certain of the Pass-Through Agreements are subordinate, while others have not been subordinated and constitute Senior Obligations. See the caption "—Senior Obligations."

The Agency cannot guarantee that the process prescribed by the Dissolution Act for administering the Tax Revenues and the subordinations of the Statutory Pass-Through Amounts will effectively result in adequate Tax Revenues for the payment of principal and interest on the Bonds when due. See the caption "—Recognized Obligation Payment Schedule." See also the caption "THE PROJECT AREAS" for additional information regarding the Pass-Through Agreements and the Statutory Pass-Through Amounts applicable to the Agency and the revenues derived from the Project Areas.

Elimination of Housing Set-Aside. Before the dissolution of the Prior Agency, the Redevelopment Law required the Prior Agency to set aside not less than 20% of the gross tax increment with respect to the Project Areas, i.e., the "**Housing Set-Aside**," in a Low and Moderate Income Housing Fund to be expended for low and moderate income housing purposes. Generally, the Prior Agency was authorized to use the Housing Set-Aside to pay debt service on bonds solely to the extent that the proceeds of such bonds were used to finance or refinance low and moderate income housing projects. The Prior Agency could not pledge, and did not use, the Housing Set-Aside to pay debt service on other obligations. By contrast, under the Redevelopment Law, the Prior Agency was authorized to use the portion of tax increment that was not part of the Housing Set-Aside (the "**80 Percent Portion**") to pay debt service on all bonds and other indebtedness of the Prior Agency that were incurred to finance or refinance redevelopment projects for the Project Areas, subject to limitations set forth in the indentures or other governing documents.

The Dissolution Act has eliminated the Low and Moderate Income Housing Fund and the requirement to deposit the Housing Set-Aside into such fund. None of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund are designated as the Housing Set-Aside. The Redevelopment Property Tax Trust Fund flow of funds under the Dissolution Act makes no distinction between bonds that were, in whole or in part, secured by and payable from the Housing Set-Aside and bonds that were solely secured by and payable from the 80 Percent Portion. In effect, after the Prior Agency's dissolution, all of the Agency's outstanding bonds are paid from Redevelopment Property Tax Trust Fund disbursements without distinction between obligations related to housing and non-housing projects. Of the Senior Obligations of the Agency described under the caption "—Senior Obligations," only the Breezewood Agreement was originally payable from a pledge of Housing Set-Aside moneys.

It is unclear whether, if challenged, a court will find that the elimination of the distinction among bonds that were secured by the Housing Set-Aside and bonds that were secured by the 80 Percent Portion is contrary to the declared intent of the Dissolution Act. Payments under the Breezewood Agreement, which are secured by a pledge and lien on the Housing Set-Aside, are payable from tax increment revenues from the Project Areas on a senior basis to the debt service of the Bonds through the maturity of the Breezewood Agreement in 2019. See the caption "—Senior Obligations—Other Senior Obligations—Breezewood Agreement."

Other Taxing Agencies. Tax Revenues do not include any special taxes or *ad valorem* assessments that are levied by or on behalf of any taxing agency that has jurisdiction over all or a portion of the Project Areas. See the captions “THE PROJECT AREAS” and “RISK FACTORS—Reduction in Taxable Value.”

Section 33676 Payments

Former Section 33676 of the Redevelopment Law allowed taxing entities to elect to claim for themselves (and thus exclude from tax increment revenues available to a redevelopment agency) the portion of tax increment revenues that were attributable to inflationary growth as determined under Section 110.1(f) of the Revenue and Taxation Code. School districts and community college districts were directed by Section 33676 to make such election pursuant to a specific procedure prior to adoption of any redevelopment plan or amendment, unless a tax sharing agreement existed between the redevelopment agency and the taxing entity. Section 33676 has been the subject of amendments both before and after 1986 but was in substantially the same form between 1984 and 1993. None of the taxing agencies in the Project Areas made a Section 33676 election and none could in the future receive Section 33676 payments from tax revenues. Accordingly, the projections of Tax Revenues that are set forth in this Official Statement do not reflect any Section 33676 payments to taxing agencies. See the caption “RISK FACTORS—Santa Ana Unified School District Case” for a further discussion of Section 33676.

Recognized Obligation Payment Schedule

The Dissolution Act requires successor agencies, on or before February 1 of each year, to prepare and approve, and submit to the successor agency’s oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as such term is 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. As defined in the Dissolution Act, “**enforceable obligation**” includes bonds, including the required debt service, reserve set-asides and any other payments required under the 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 amounts borrowed from the Low and Moderate Income Housing Fund. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the 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 half of the calendar year.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund; (ii) bond proceeds; (iii) reserve balances; (iv) administrative cost allowance; (v) the Redevelopment Property Tax Trust Fund (but only to the extent that no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act); and (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by its oversight board).

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Each annual Recognized Obligation Payment Schedule of the Agency may be amended once, provided that: (i) the Agency submits the amendment to the DOF no later than October 1; (ii) the Agency’s Oversight Board makes a finding that the amendment is necessary for the payment of approved enforceable obligations during the second half of the Recognized Obligation Payment Schedule period (from January 1 to June 30, inclusive); and (iii) the Agency may only amend the amount requested for payment of approved enforceable obligations during the period from January 1 through June 30 of the applicable Fiscal Year. The DOF will notify the Agency and the County

Auditor-Controller as to whether the Agency's requested amendment is approved at least 15 days before the January 2 property tax distribution

The Recognized Obligation Payment Schedule must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller by February 1 in each year with respect to the Agency's payment obligations during the next Fiscal Year. If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day that the schedule is not submitted. In addition, the Agency's administrative cost allowance is reduced by 25% if the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within 10 days after the February 1 deadline. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see the caption "RISK FACTORS—Recognized Obligation Payment Schedule."

The Dissolution Act requires the DOF to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the Recognized Obligation Payment Schedule is submitted. Within five business days of the determination by the DOF, the Agency may request additional review by the DOF and an opportunity to meet and confer on disputed items, if any. The DOF will notify the Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the January 2 or June 1 date of property tax distribution, as applicable. The County Auditor-Controller may also review a submitted Recognized Obligation Payment Schedule and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must deliver notice of any such objections to the Agency, the Oversight Board and the DOF at least 60 days prior to the January 2 or June 1 date of property tax distribution, as applicable.

See the caption "—Last and Final Recognized Obligation Payment Schedule" for a description of the Last and Final Recognized Obligation Payment Schedule authorized by the Dissolution Act pursuant to SB 107.

In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of: (i) property tax to be allocated and distributed; and (ii) the amounts of pass-through payments to be made in the upcoming Fiscal Year, and provide those estimates to the entities receiving the distributions and DOF by no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the County Auditor-Controller, the Agency determines and reports, by no later than December 1 or May 1, as applicable, that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Prior Agency and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, Agency enforceable obligations listed on the Recognized Obligation Payment Schedule and the Agency's administrative cost allowance, the County Auditor-Controller must notify the State Controller and the DOF by no later than 10 days from the date of the Agency's notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under the caption "—Tax Increment Financing—Tax Sharing."

The Dissolution Act provides that any bonds that are authorized to be issued by the Agency will be considered indebtedness incurred by the dissolved Prior Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to such date, will be included in the Agency's Recognized Obligation Payment Schedule and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to the Dissolution Act. In addition, 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 DOF to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the DOF's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the DOF, then the DOF's review of such payments in each future Recognized Obligation Payment Schedule will be limited to confirming that they are required by the prior enforceable obligation.

Pursuant to the Indenture, the Agency has covenanted to take all actions required under the Dissolution Act to include in a Recognized Obligation Payment Schedule for each Semiannual Period debt service on the Senior Obligations and the Bonds and any Parity Debt and all Policy Costs, so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required to enable the Agency to pay timely principal of, and interest on, the Senior Obligations and the Bonds and any Parity Debt and all Policy Costs coming due with respect the applicable Semiannual Period, including inclusion on the applicable Recognized Obligation Payment Schedule of: (a) the amounts of debt service set forth in the Recognized Obligation Debt Service Payment Schedule attached to the Indenture, as amended (which requires 50% of annual debt service on the Bonds to be included in each disbursement from the Redevelopment Property Tax Trust Fund); and (b) the amounts of debt service set forth in the Recognized Obligation Debt Service Payment Schedule attached to any Supplemental Indenture, as amended, and the inclusion of any amount required to be deposited in the 2018 Reserve Account, in order to maintain in the 2018 Reserve Account the amount of the 2018 Reserve Requirement. See Appendix B.

Last and Final Recognized Obligation Payment Schedule

SB 107 amended the Dissolution Act to permit a successor agency to submit a Last and Final Recognized Obligation Payment Schedule (a "**Last and Final ROPS**") for approval by the oversight board and the DOF if: (i) the successor agency's only remaining debt is administrative costs and payments pursuant to enforceable obligations with defined payment schedules; (ii) all remaining obligations have been previously listed on a Recognized Obligation Payment Schedule and approved by the DOF; and (iii) the successor agency is not a party to outstanding or unresolved litigation. The Last and Final ROPS must list the remaining enforceable obligations of the successor agency in the following order: (A) enforceable obligations to be funded from the Redevelopment Property Tax Trust Fund; (B) enforceable obligations to be funded from bond proceeds or other legally or contractually dedicated or restricted funding sources; and (C) loans or deferrals that are authorized for repayment to the city that created the redevelopment agency or the successor to the former redevelopment agency's housing functions and assets. The Last and Final ROPS must also include the total outstanding obligations and a schedule of remaining payments for each enforceable obligation described in clauses (A) and (B) above, and the total outstanding obligation and an interest rate of 4%, for any loans or deferrals listed pursuant to clause (C) above. The Last and Final ROPS must also establish the maximum amount of Redevelopment Property Tax Trust Fund moneys to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid. The DOF's approval is required for any Last and Final ROPS to become effective. The county auditor-controller will also review the Last and Final ROPS and provide any objection to the inclusion of any items or amounts to the DOF.

Current law allows successor agencies to amend an approved Last and Final ROPS twice. Approval by the oversight board and the DOF is required for any amendment to a Last and Final ROPS to become effective. The DOF has 100 days to approve or deny a request for approval of an amendment to a Last and Final ROPS. Each amended Last and Final ROPS approved by the DOF will become effective in the subsequent Redevelopment Property Tax Trust Fund distribution period. If an amended Last and Final ROPS is approved less than 15 days before the date of the property tax distribution, the Last and Final ROPS will not be effective until the subsequent Redevelopment Property Tax Trust Fund distribution period. The Agency is not currently eligible to seek approval of a Last and Final ROPS because certain of its outstanding obligations are variable in nature. The Agency does not currently expect to seek approval of a Last and Final ROPS in the future, although there can be no assurance that such expectations will not change.

Any revenues, interest and earnings of a successor agency, including proceeds from the disposition of real property, which are not authorized for use pursuant to an approved Last and Final ROPS must be remitted to the county auditor-controller for distribution to the affected taxing entities. A successor agency may not expend more than the amount approved for each enforceable obligation listed on an approved Last and Final ROPS. The county auditor-controller will no longer distribute property tax to a successor agency's Redevelopment Property Tax Trust Fund once the aggregate amount of property tax allocated to a successor agency equals the total outstanding obligations approved in a Last and Final ROPS. Commencing on the effective date of an approved Last and Final ROPS, a successor agency will not prepare or transmit annual Recognized Obligation Payment Schedules.

After a Last and Final ROPS is approved by the DOF, the county auditor-controller will continue to allocate moneys in the successor agency's Redevelopment Property Tax Trust Fund pursuant to Section 34183 of the Dissolution Act; however, the county auditor-controller will allocate such moneys in each fiscal period after deducting the county auditor-controller's administrative costs, in the following order of priority: (A) pass-through payments pursuant to Section 34183(a)(1) of the Dissolution Act; (B) scheduled debt service payments on tax allocation bonds that are listed and approved in the Last and Final ROPS; (C) scheduled payments on revenue bonds that are listed and approved in the Last and Final ROPS, but only to the extent that the revenues pledged for them are insufficient to make the payments and only if the successor agency's tax increment revenues were also pledged for the repayment of bonds; (D) scheduled payments for debts and obligations listed and approved in the Last and Final ROPS to be paid from the Redevelopment Property Tax Trust Fund; (E) payments listed and approved on the Last and Final ROPS that were authorized but unfunded in prior periods; (F) repayment of loans and deferrals to the city that created the redevelopment agency or the successor to the former redevelopment agency's housing functions and assets that are listed and approved on the Last and Final ROPS; and (G) any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers described in clauses (A) to (F), above, will be distributed to taxing entities in accordance with Section 34183(a)(4) of the Dissolution Act.

If the successor agency reports to the county auditor-controller that the total available amounts in the Redevelopment Property Tax Trust Fund will be insufficient to fund the successor agency's current or future Fiscal Year obligations, and if the county auditor-controller concurs that there are insufficient funds to pay the required obligations, the county auditor-controller may distribute funds pursuant to Section 34183(b) of the Dissolution Act. See the caption "—Tax Increment Financing—Tax Sharing."

Senior Obligations

The Agency may not issue additional bonds or incur additional obligations that are payable from moneys deposited in the Redevelopment Property Tax Trust Fund on a senior basis to the Bonds. However, the Agency's pledge of moneys deposited in the Redevelopment Property Tax Trust Fund to payment on the Bonds is subordinate to its prior pledge of or claim on certain tax revenues to pay debt service, make pass-through payments or make certain other payments pursuant to the below-described existing Senior Obligations:

Senior Pass-Through Agreements. The Agency's obligations pursuant to the following Pass-Through Agreements are payable from moneys deposited in the Redevelopment Property Tax Trust Fund on a senior basis to the Bonds:

County Downtown/Airport Pass-Through Agreement. Pursuant to the Agreement for Cooperation between the County of Riverside, the Redevelopment Agency of the City of Riverside and the City of Riverside, dated January 15, 1991, by and among the County, the Prior Agency and the City, the County is entitled to receive 100% of the tax increment that the County would have received had a redevelopment plan not been adopted for the Downtown/Airport Merged Redevelopment Project Area. The County's share of such tax increment equals approximately 29% of all tax increment from such Project Area.

RCFCWCD Downtown/Airport Pass-Through Agreement. Pursuant to the Agreement for Cooperation between Riverside County Flood Control and Water Conservation District, the Redevelopment Agency of the City of Riverside and the City of Riverside, dated January 8, 1991 (the “**RCFCWCD Downtown/Airport Pass-Through Agreement**”), by and among the Riverside County Flood Control and Water Conservation District (“**RCFCWCD**”), the Prior Agency and the City, RCFCWCD is entitled to receive 100% of the tax increment that RCFCWCD would have received had a redevelopment plan not been adopted for the Downtown/Airport Merged Redevelopment Project Area. RCFCWCD’s share of such tax increment equals approximately 3.3% of all tax increment from such Project Area.

County Sycamore Canyon Pass-Through Agreement. Pursuant to the Settlement Agreement and General Release and Cooperation Agreement between the County of Riverside, the Redevelopment Agency of the City of Riverside, and the City of Riverside, dated December 18, 1984, the County is entitled to receive 100% of the tax increment derived from that portion of the University Corridor/Sycamore Canyon Merged Redevelopment Project Area comprising the former Sycamore Canyon and Box Springs Industrial Park Redevelopment Project Area which the County would have received had a redevelopment plan not been adopted for such Project Area. The County’s share of such tax increment equals approximately 30% of all tax increment from that portion of the University Corridor/Sycamore Canyon Merged Redevelopment Project Area consisting of the original Sycamore Canyon redevelopment project area.

County Central Industrial Pass-Through Agreement. Pursuant to the Cooperation Agreement between the County of Riverside, the Redevelopment Agency of the City of Riverside, and the City of Riverside, dated December 18, 1984, the County is entitled to receive 100% of the tax increment derived from that portion of the University Corridor/Sycamore Canyon Merged Redevelopment Project Area comprising the former Riverside Central Industrial Redevelopment Project Area which the County would have received had a redevelopment plan not been adopted for such Project Area. The County’s share of such tax increment equals approximately 29% of all tax increment from that portion of the University Corridor/Sycamore Canyon Merged Redevelopment Project Area consisting of the original University Corridor redevelopment project area and the 1985 amendment area.

RCFCWCD Sycamore Canyon Pass-Through Agreement. Pursuant to the Cooperation Agreement between Riverside County Flood Control and Water Conservation District, the Redevelopment Agency of the City of Riverside and the City of Riverside, dated December 18, 1984, by and among RCFCWCD, the Prior Agency and the City, RCFCWCD is entitled to receive, on a senior basis to the Bonds, the following percentages of tax increment derived from the portion of the University Corridor/Sycamore Canyon Merged Redevelopment Project Area that comprised the former Sycamore Canyon and Box Springs Industrial Park Redevelopment Project Area which RCFCWCD would have received had a redevelopment plan not been adopted for such Project Area: (i) 43% for Fiscal Year 2014-15; (ii) 48% for Fiscal Years 2015-16 through 2019-20; and (iii) 100% thereafter. Tax increment payable to RCFCWCD derived from the University Corridor sub-area is payable on a subordinate basis to the Bonds.

County Superintendent Sycamore Canyon Pass-Through Agreement. Pursuant to the Agreement for Cooperation between the Riverside County Superintendent of Schools, the Redevelopment Agency of the City of Riverside, and the City of Riverside, dated May 21, 1985, by and among Riverside County Superintendent of Schools (the “**Superintendent**”), the Prior Agency and the City, the Superintendent is entitled to receive 30% of the tax increment derived from the portion of the University Corridor/Sycamore Canyon Merged Redevelopment Project Area that comprised the former Riverside Central Industrial 1985 Amendment Redevelopment Project Area which the Superintendent would have received had a redevelopment plan not been adopted for such Project Area. The Superintendent’s share of such tax increment equals approximately 3.0% of all tax increment from the University Corridor 1985 amendment area.

See Appendix A and the caption “THE PROJECT AREAS” for further information with respect to the Pass-Through Agreements.

Other Senior Obligations. The Agency's obligations pursuant to the following agreements are payable from Tax Revenues on a senior basis to the Bonds:

Breezewood Agreement. Pursuant to the Agreement for Pledge and Repayment of Redevelopment Agency Airport/Downtown Low and Moderate Income Housing Fund (Breezewood Apartments Project), dated October 7, 2003 (the "**Breezewood Agreement**"), by and between the Prior Agency and KDF Breezewood, L.P. ("**KDF**"), the Agency is obligated to make annual payments to KDF as follows: (i) \$120,000 on each May 1 through May 1, 2019; and (ii) \$192,000 on each November 1 through November 1, 2018. Under the Breezewood Agreement, Housing Set-Aside moneys are pledged to such payments. As discussed under the caption "—Tax Increment Financing—Elimination of Housing Set-Aside," the Dissolution Act has eliminated the Housing Set-Aside, and the Agency believes that its obligations under the Breezewood Agreement are now payable from Tax Revenues. KDF is obligated to repay all such amounts, plus interest at the rate of 1% per annum, by no later than 2058, subject to earlier annual repayments in the event that certain conditions specified in the Breezewood Agreement are met.

SERAF Repayments. On July 27, 2009, in response to serious State budgetary shortfalls, the Governor signed a revised State fiscal year 2009-10 State budget shifting 8% of the Fiscal Year 2009-10 and 2010-11 1% *ad valorem* property taxes from cities, counties and special districts to the Supplemental Educational Revenue Augmentation Fund (the "**SERAF**"). The Prior Agency was required to pay a total of \$20,571,233 to the SERAF pursuant to such legislation. The legislation allowed the Prior Agency to borrow funds from the Low and Moderate Income Housing Fund now held by the City's Housing Authority to make the required payments. Repayment of such borrowed amounts was required within 5 years. The Prior Agency borrowed \$17,061,841 in Fiscal Year 2009-10 and \$3,509,392 in Fiscal Year 2010-11 from the Low and Moderate Income Housing Fund to make the required payments to the SERAF. As of July 1, 2018, approximately \$3,649,503 of such amounts remain outstanding and are now due to the City's Housing Authority. The Agency's repayment of such amounts is governed by the provisions of the Dissolution Act, which establishes a formula for calculating such repayment amounts. \$1,663,640 of such amounts has been approved for payment on the Agency's Recognized Obligation Payment Schedule for the June 2018 to December 2018 period and \$1,663,640 of such amounts has been approved for payment on the Agency's Recognized Obligation Payment Schedule for the January 2019 to June 2019 period. The remaining outstanding amount is expected to be placed on the Recognized Obligation Payment Schedule for the June 2019 to December 2019 period. See the caption "—Recognized Obligation Payment Schedule." The portions of the Agency's payments allocable to the La Sierra/Arlanza Redevelopment Project Area and the Arlington Redevelopment Project Area under the repayment schedule (approximately 55.8% of the total) constitute Senior Obligations. The remaining 44.2% portion of the Agency's payments allocable to other Project Areas under the repayment schedule are payable on a subordinate basis to the Bonds.

Tyler Galleria Agreement. Pursuant to the Agreement Regarding Financing and Construction of Parking Facility and Other Public Improvements, dated January 4, 2005 (the "**Tyler Galleria Agreement**"), by and among Tyler Mall Limited Partnership, the City and the Prior Agency, the Agency will apply tax increment revenues derived from certain improvements within the La Sierra/Arlanza Redevelopment Project Area through December 31, 2017 to the payment of principal and interest with respect to the City's 2006 Galleria at Tyler Public Improvements Certificates of Participation. The Agency's final payment under the Tyler Galleria Agreement in the amount of \$241,890 was paid in Fiscal Year 2017-18.

Additional Senior Obligations. Certain property maintenance, appraisal, land survey, document preparation and other disposition costs for the La Sierra/Arlanza Redevelopment Project Area in the total amount of approximately \$18,025 appear on the Agency's current Recognized Obligation Payment Schedule and constitute Senior Obligations. Such costs are expected to appear on the Agency's Recognized Obligation Payment Schedules in succeeding Fiscal Years through Fiscal Year 2021-22.

See Appendix A for further information with respect to such additional Senior Obligations.

Parity Obligations

On October 16, 2014, the Agency issued the 2014 Bonds pursuant to the Original Indenture and the First Supplement to refund certain prior Senior Obligations. The 2014 Bonds are currently outstanding in the aggregate principal amount of \$51,040,000 and mature in 2034. The 2014 Bonds are payable from Tax Revenues on a parity with the Bonds.

Limitation on Additional Indebtedness

No Additional Senior Obligations. Under the Indenture, the Agency has covenanted that it will not issue additional bonds or incur additional obligations that are payable from moneys deposited in the Redevelopment Property Tax Trust Fund on a senior basis to the Bonds.

Parity Obligations. The Agency may issue or incur additional loans, bonds (including any bonds issued pursuant to a Supplemental Indenture), notes, advances or indebtedness payable from Tax Revenues on a parity with the Bonds (collectively, “**Parity Debt**”) in such principal amount as determined by the Agency, for refunding purposes only subject to the following specific conditions that are conditions precedent to the issuance and delivery of such Parity Debt:

(a) The additional Parity Debt must have been issued in compliance with the refunding provisions of the Dissolution Act;

(b) The Agency certifies that the aggregate principal of and interest on the Bonds, the Senior Obligations and any Parity Debt (including the Parity Debt to be incurred) and Subordinate Debt coming due and payable and the Policy Costs will not exceed the maximum amount of Tax Revenues permitted under any Plan Limit to be allocated and paid to the Agency with respect to the Project Areas after the issuance of such Parity Debt; and

(c) The Agency will deliver to the Trustee a Written Certificate of the Agency certifying that the conditions precedent to the issuance of such Parity Debt set forth above have been satisfied.

Subordinate Obligations. Nothing contained in the Indenture prevents the Agency from issuing and selling any bonds, notes, loans, advances or other indebtedness issued or incurred by the Agency that are either: (a) payable from, but not secured by a pledge of or lien upon, the Tax Revenues; or (b) secured by a pledge of or lien upon the Tax Revenues that is subordinate to: (i) the pledge of and lien upon the Tax Revenues under the Indenture for the security of the Bonds; (ii) the Agency’s obligation to pay Policy Costs to the Surety Provider pursuant to the Indenture; and (iii) the Agency’s obligation to reimburse the provider of a letter of credit, surety bond or similar instrument for the debt service reserve account for any Parity Debt (collectively, “**Subordinate Debt**”). Any Subordinate Debt that is issued as bonds or incurred in the form of a loan will be payable on the same dates as the Bonds.

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

Classification. In the State, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” Secured and unsecured property is entered on separate parts of the assessment roll maintained by county assessors. The secured classification includes property on which any property tax levied by a county becomes a lien on that 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 property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens. See the caption “RISK FACTORS—Bankruptcy and Foreclosure” for certain limitations on the priority of secured tax liens under federal law, however.

Generally, *ad valorem* taxes are collected by a county for the benefit of the various taxing agencies (cities, schools and special districts) that share in the *ad valorem* tax (each, a taxing entity) and successor agencies eligible to receive distributions from the respective Redevelopment Property Tax Trust Fund.

Collections. The method of collecting delinquent taxes is substantially different for secured and unsecured property. Counties have four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer; (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (iii) filing a certificate of delinquency for record in the county recorder's office to obtain a lien on certain property of the taxpayer; and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (known as the Teeter Plan), as provided for in Section 4701 *et seq.* of the Revenue and Taxation Code of the State. Accordingly, the County Auditor-Controller distributes 100% of tax increment revenues allocated to each redevelopment successor agency in the County without regard to delinquencies in the payment of property taxes. As a result of this allocation method, the Agency receives no adjustments for redemption payments on delinquent collections. The Agency does receive supplemental taxes. Refunds, if any, are deducted from amounts available for deposit to the Redevelopment Property Tax Trust Fund. There can be no assurance that the County Auditor-Controller will not change its policies with respect to delinquencies in property tax payments in the future.

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, which delayed the realization of increased property taxes from the new assessments for up to 14 months. Revenue and Taxation Code Section 75.70 provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of the Project Areas subsequent to the January 1 lien date. To the extent that such supplemental assessments occur within the Project Areas, Tax Revenues may increase. However, because supplemental assessments cannot be accurately projected, no provision has been made by the Fiscal Consultant to reflect the impact of supplemental assessments on Tax Revenues. See Appendix A.

Property Tax Administrative Costs. In 1990, the State Legislature enacted Senate Bill ("SB") 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax

revenues before moneys are deposited into the Redevelopment Property Tax Trust Fund. For Fiscal Year 2017-18, the County's administrative charge to the Agency for the Project Areas was \$961,668, representing approximately 1.25% of gross tax increment revenues received by the Agency in such Fiscal Year.

Negotiated Pass-Through Agreements. Prior to 1994, under the Redevelopment Law, a redevelopment agency could enter into an agreement to pay tax increment revenues to any taxing agency that had territory located within a redevelopment project in an amount which in the redevelopment agency's determination was appropriate to alleviate any financial burden or detriment caused by the redevelopment project. Such agreements normally provide for payment or pass-through of tax increment revenue directed to the affected taxing agency, and, therefore, are commonly referred to as pass-through agreements or tax sharing agreements. The Agency's agreements with affected taxing agencies are referred to herein as "Pass-Through Agreements." See the caption "THE PROJECT AREAS" for a discussion of Pass-Through Agreements for each Project Area. See also the caption "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing" for additional discussion of the treatment of Pass-Through Agreements under the Dissolution Act.

Statutory Pass-Throughs. The payment of Statutory Pass-Through Amounts results from: (i) redevelopment plan amendments which add territory in existing project areas on or after January 1, 1994; and (ii) redevelopment plan amendments which eliminate one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The calculation of the amount due to affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See the captions "THE PROJECT AREAS" and "SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing" for further information regarding the applicability of the statutory pass-through provisions of the Redevelopment Law and the Dissolution Act to the Project Areas.

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each February 1, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the DOF 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, for the next Fiscal Year. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the beginning of the next Fiscal Year. See the caption "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule" and "RISK FACTORS—Recognized Obligation Payment Schedule."

Unitary Property

Assembly Bill ("AB") 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with State fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is 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. In addition, the lien date on State-assessed property was established as January 1.

AB 454 (Statutes of 1987, Chapter 921) modified AB 2890 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. AB 454 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. AB 454 also provides for a method of establishing tax rates on State-assessed property and distribution of property

tax revenue 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 of up to 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 growth above 102%; 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. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is located. The intent of AB 2890 and AB 454 is to provide redevelopment agencies with their appropriate share of revenue generated from property assessed by the State Board of Equalization.

Based on AB 454 (pursuant to which property tax revenues from unitary utility property are disbursed in a different manner than revenue from non-unitary property), increased revenues generated from this source are not included in the tax increment projections. See Appendix A. Instead, the projections of Tax Revenues reflect unitary revenues of \$939,000, which is slightly higher than the amount that was received from this source in Fiscal Year 2016-17.

Article XIII A of the State Constitution

On June 6, 1978, State voters approved an amendment (commonly known as Proposition 13 or the Jarvis-Gann Initiative) which added Article XIII A to the State Constitution. Article XIII A limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the State fiscal year 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." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIII A: (i) exempts from the 1% tax limitation taxes to pay debt service on: (a) indebtedness approved by the voters prior to July 1, 1978; or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional *ad valorem* taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIII A has been upheld by both the State Supreme Court and the United States Supreme Court.

In the general election held on November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIII A. Proposition 58 amended Article XIII A to provide that the terms "purchase" and "change of ownership," for the purposes of determining full cash value of property under Article XIII A, do not include the purchase or transfer of: (1) real property between spouses; and (2) the principal residence and the first \$1,000,000 of other property between parents and children. This amendment to Article XIII A may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIII A to permit the State Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county

to transfer the old residence assessed value to the new residence. As a result of the State Legislature's action, the growth of property tax revenues may decline.

Legislation enacted by the State 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 included in this Official Statement is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities are also applied to 100% of assessed value.

Appropriations Limitation – Article XIII B

On November 6, 1979, State voters approved Proposition 4 (also known as the Gann Initiative), which added Article XIII B to the State Constitution. Article XIII B limits the annual appropriations of the State and its political subdivisions 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. The “base year” for establishing such appropriations limit is State fiscal year 1978-79, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness is not deemed to be the receipt by an agency of proceeds of taxes levied by or on behalf of an agency within the meaning of Article XIII B, nor will such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two State appellate court decisions. On the basis of these decisions, the Agency does not believe that it is subject to Article XIII B and has not adopted an appropriations limit.

Articles XIII C and XIII D of the State Constitution

At the election held on November 5, 1996, Proposition 218 was passed by the voters of California. The initiative added Articles XIII C and XIII D to the State Constitution. Provisions in the two articles affect the ability of local government to raise revenues. The Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218. See the caption “—Propositions 218 and 26.”

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 (not the Prior Agency or the 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.

As a result of the adoption of Proposition 87, redevelopment agencies do not receive an increase in tax increment revenues when taxes on property in a project area are increased to repay voter-approved general obligation debt.

SB 107, which became effective on September 22, 2015, amended Section 34183(a)(1) of the Dissolution Act to provide that such debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects or programs related to the State Water Project which are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override.

Former Redevelopment Time Limits

In 1993, the State legislature passed AB 1290 (Statutes of 1993, Chapter 942) (“**AB 1290**”), which, among other things, required redevelopment agencies to adopt time limits in each redevelopment plan specifying: (i) the last date to incur debt for a redevelopment project; (ii) the last date to undertake redevelopment activity within a project area; and (iii) the last date to collect tax increment revenue from a project area to repay debt. Pursuant to AB 1290, which took effect January 1, 1994, the City Council adopted ordinances amending the redevelopment plans in certain Project Areas to impose limits on plan activity therein, as well as a date past which tax increment revenue could not be collected. See the caption “THE PROJECT AREAS.”

In 2001, the State Legislature enacted SB 211 (Statutes of 2001, Chapter 741) (“**SB 211**”), which authorized, among other things, the deletion of the AB 1290 limitation on incurring indebtedness contained in a redevelopment plan adopted prior to January 1, 1994. However, such elimination triggered statutory tax sharing with those taxing entities that do not have Pass-Through Agreements. See the caption “SECURITY FOR THE BONDS—Tax Increment Financing—Tax Sharing.” The City adopted an ordinance, pursuant to the authorization contained in SB 211, deleting the limit on the Agency’s authority to incur loans, advances and indebtedness with respect to the Project Areas.

Legislation passed in 2003 (SB 1045) and 2004 (SB 1096) required redevelopment agencies to remit moneys to the applicable county Educational Revenue Augmentation Fund (“**ERAF**”) and also permitted redevelopment agencies to extend their ability to collect tax increment by one year for each payment required by such legislation to be made in Fiscal Years 2003-04, 2004-05 and 2005-06. The extensions for Fiscal Years 2004-05 and 2005-06 apply only to redevelopment plans with existing limits on the effectiveness of the plan that are less than 20 years from the last day of the Fiscal Year in which the ERAF payment is made. The City adopted ordinances, pursuant to the authorization granted in SB 1045 and SB 1096, extending the time limits on the effectiveness of the redevelopment plan and the receipt of the tax increment. See the caption “THE PROJECT AREAS.”

Pursuant to SB 107, which came into effect on September 22, 2015, the time limits for receiving property tax revenues in each Project Area are not effective for purposes of paying the Bonds. Accordingly, the projections that are set forth in this Official Statement and in the Fiscal Consultant Report that is attached to this Official Statement as Appendix A do not take into account the time limitations that are set forth in the redevelopment plan for the Project Areas.

Under SB 107, the County Auditor-Controller will only deposit revenues into the Redevelopment Property Tax Trust Fund after a Project Area reaches a plan limit that is set forth in the applicable redevelopment plan if and to the extent that the Agency provides evidence that the revenues are needed to pay enforceable obligations.

Appeals of Assessed Values

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

In the County, a property owner desiring to reduce the assessed value of such owner’s property in any one year (as further described under the caption “—Proposition 8,” a Proposition 8 appeal) must submit an application to the County Assessment Appeals Board (the “**Appeals Board**”). Applications for any tax year must be submitted by November 30 of such tax year. Following a review of each application by the staff of the County Assessor’s Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. If the staff of the County Assessor’s Office recommends a reduction in the assessed value of a property, the reduction will be granted without the application being forwarded to the Appeals Board. If the staff of the County Assessor’s Office recommends that

the application be denied, the matter is forwarded to the Appeals Board. The Appeals Board holds a hearing and either reduces or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for Fiscal Years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well.

Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. If the base year value assigned by the county assessor is reduced, the valuation of the property cannot increase in subsequent years by more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs. Moreover, in the case of any reduction of assessed value granted for "ongoing hardship" in the then-current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, property taxes attributable to such properties will be reduced in the then-current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

County assessors also have the ability pursuant to Proposition 8 to temporarily reduce property tax assessments during times of negative economic conditions that result in decreased real estate values. As a result of a downturn in the housing market, several counties in California (including the County) reduced the assessed values of homes that had been acquired at the peak of the real estate market in 2004 and 2005. The Agency is aware that the County Assessor made reductions in assessed valuations in the Project Areas in Fiscal Years 2008-09 through 2012-13. The Agency cannot predict whether the County will again reduce assessed values in the Project Areas in future years. The Agency does not believe that any such reductions will have a material adverse impact on Tax Revenues or the Agency's ability to pay debt service on the Bonds, and the Fiscal Consultant has estimated that there remains approximately \$164,960,850 in potential reversals of Proposition 8 single-year reductions in residential assessed values that could be recaptured in the future. However, reductions in assessed value due to current or future economic conditions in the Project Areas could impact the receipt of Tax Revenues as projected by the Fiscal Consultant. See the caption "TAX REVENUES."

The Fiscal Consultant has noted that seven of the top ten taxpayers within the Project Areas currently have assessment appeals pending. See Table 3 under the caption "THE PROJECT AREAS—General." If such appeals are granted in full and assessed valuations reduced by the full amount that the appellants seek (\$378,627,994), gross tax revenues for the Project Areas would be reduced by approximately \$3,786,280. See the captions "RISK FACTORS—Reduction in Taxable Value" and "TAX REVENUES." The Agency does not believe that such a reduction would have a material adverse impact on the Agency's ability to pay debt service on the Bonds. See Table 4 in Appendix A for detailed information with respect to outstanding assessment appeals by the 25 largest taxpayers in the Project Areas.

As set forth in the table below, over the last five years, only approximately 8.6% of appeals within the Project Areas have been successful, resulting in reductions in assessed values equal to approximately 20.6% of the reductions sought.

**SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Summary of Historical Assessment Appeals and Pending Appeals**

<i>Fiscal Year</i>	<i>Original Assessed Valuation Resolved Appeals</i>	<i>Original Assessed Valuation Successful Appeals</i>	<i>% of Appeals Successful</i>	<i>Change in Value⁽¹⁾</i>	<i>Revised Assessed Valuation Successful Appeals</i>	<i>Reduction as a % of All Appeals⁽¹⁾</i>	<i>Reduction as a % of Successful Appeals</i>	<i>Pending Appeals</i>			
								<i>Appeals Pending</i>	<i>Assessed Valuation of Pending Appeals⁽²⁾</i>	<i>Taxpayer⁽³⁾ Requested Assessed Valuation Reduction</i>	<i>Reduction as a % of Assessed Valuation Outstanding</i>
2013-14	\$ 1,947,545,730	\$256,272,931	13.2%	\$ (34,340,987)	\$221,931,944	-1.8%	-13.4%	8	\$ 174,313,676	\$ (132,907,548)	-76.2%
2014-15	1,198,057,882	91,168,886	7.6	(27,852,450)	63,316,436	-2.3	-30.6	21	259,378,173	(138,046,815)	-53.2
2015-16	921,849,948	46,175,483	5.0	(18,917,922)	27,257,561	-2.1	-41.0	43	576,130,629	(317,568,545)	-55.1
2016-17	445,770,025	-	0.0	-	-	0.0	0.0	134	913,407,872	(370,240,383)	-40.5
2017-18	<u>38,789,408</u>	<u>-</u>	<u>0.0</u>	<u>-</u>	<u>-</u>	<u>0.0</u>	<u>0.0</u>	<u>204</u>	<u>1,403,111,864</u>	<u>(390,481,909)</u>	<u>-27.8</u>
TOTAL	\$ 4,552,012,993	\$393,617,300	8.6%	\$ (81,111,359)	\$312,505,941	-1.8%	-20.6%	410	\$3,326,342,214	\$ (1,349,245,200)	-40.6%

⁽¹⁾ Amounts shown as reductions resulting from successful appeals are likely understated because in the County only reductions made by the Appeals Board or formally stipulated are reflected. More informal agreements for reductions between the taxpayer and the County Assessor are not generally reflected in the appeals data.

⁽²⁾ Reflects the total Fiscal Year 2017-18 value for parcels on which appeals are still outstanding.

⁽³⁾ Such amounts may be overstated because County records often do not include a taxpayer opinion of value and, in those instances, the taxpayer opinion of value is assumed to be \$0.

Source: DHA Consulting, LLC.

Significant appeals to assessed values in the Project Areas may be filed from time to time in the future. The Agency cannot predict the extent of these appeals or their likelihood of success. The Fiscal Consultant has adjusted its projections for pending assessment appeals to reflect the historical success rate for appeals over the last five years, resulting in an assumed decline in assessed valuations for the properties for which assessment appeals are pending of approximately 3.5%. See Appendix A.

Proposition 8

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions pursuant to Proposition 8 may be initiated by the County Assessor or requested by the property owner, and such reductions apply only to a single tax year.

After a roll reduction is granted pursuant to Proposition 8, 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 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.

See the captions “—Appeals of Assessed Values” and “THE PROJECT AREAS” for further information with respect to previous reductions in assessed valuations within the Project Areas.

Propositions 218 and 26

On November 5, 1996, State voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the “Supermajority Vote to Pass New Taxes and Fees Act.” Proposition 26 amended Article XIII C of the State Constitution by adding an expansive definition for the term “tax,” which previously was not defined under the State Constitution. Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and outside of the scope of taxes which are limited by Proposition 26.

Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D to the State Constitution and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to the State’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.

THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE

The Prior Agency was established by the City Council of the City and was activated by Ordinance No. 3481 adopted by the City Council on November 14, 1967 pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal.

4th 231 (Dec. 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27 and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Prior Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

On January 10, 2012, pursuant to Resolution No. 22322 and Section 34173 of the Dissolution Act, the City Council of the City elected to serve as the Successor Agency to the Redevelopment Agency of the City of Riverside. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities shall not merge, that the liabilities of the Prior Agency will not be transferred to the City and that the assets of the Prior Agency will not become assets of the City.

The Agency is governed by a seven-member Board of Directors and a Chair (the “**Board**”) which consists of the Mayor and members of the City Council of the City of Riverside. The Mayor acts as the Chair of the Board, the City Manager as its chief administrative officer, the City Clerk as its secretary and the Chief Financial Officer of the City its chief financial officer.

Agency Powers

All powers of the Agency are vested in its seven members and its Chair, who are elected members of the City Council and the Mayor of the City. Pursuant to the Dissolution Act, the Agency is a separate public body from the City and successor to the organizational status of the Prior Agency, but without any legal authority to participate in redevelopment activities except to complete any work related to an approved enforceable obligation. The Agency is tasked with expeditiously winding down the affairs of the Prior Agency pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Agency actions are subject to approval by the Oversight Board, as well as review by the DOF. The State has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Agency and Oversight Board meetings open to the public in a similar manner as City Council meetings.

Previously, Section 33675 of the Redevelopment Law required the Prior Agency to file not later than the first day of October of each year with the County Auditor of a statement of indebtedness certified by the chief fiscal officer of the Prior Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Redevelopment Plan). The statement of indebtedness was required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Prior Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Prior Agency could not exceed the amounts shown on the Prior Agency’s statement of indebtedness.

The Dissolution Act eliminates the requirement for a statement of indebtedness and provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, the Recognized Obligation Payment Schedule supersedes the statement of indebtedness previously required under the Redevelopment Law, and that, commencing on such date, the statement of indebtedness will no longer be prepared nor have any effect under the Redevelopment Law. See the caption “SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule.”

Due Diligence Reviews

Pursuant to the requirements of the Dissolution Act, the Agency retained independent accountants to conduct two reviews, known as due diligence reviews (each, a “**DDR**”): one for the Housing Fund and the other for all of the other funds and accounts (the “**Other Funds**”). The purpose of the DDRs was to determine the unobligated balance (the “**Unobligated Balance**”), if any, of the Housing Fund and the Other Funds, as of June

30, 2012, so that such Unobligated Balance would be distributed to taxing agencies. Pursuant to the general procedure for determining the Unobligated Balance set forth in the Dissolution Act, legally restricted funds (including bond proceeds), the value of assets that are not cash or cash equivalents (such as land and equipment) and amounts that are needed to satisfy obligations listed on an approved Recognized Obligation Payment Schedule were excluded from the Unobligated Balance.

The Agency was required to submit each DDR, after review and approval by the Oversight Board, to the DOF. The DOF was authorized to modify the conclusions set forth in the DDR based on the DOF's review. After receipt of the DOF's determination letter, the Agency had one opportunity to request a meet and confer session with the DOF and present the Agency's arguments regarding disputed items. Thereafter, the DOF issued its final determination letter, indicating the Unobligated Balance that the Agency must transmit to the County Auditor-Controller or risk possible penalties prescribed by the Dissolution Act. Such possible penalties include an offset against the City's sales and use tax revenues or a reduction of the property tax allocations to the City.

Previously, the Prior Agency's practice was to reimburse the City for amounts that were budgeted for Agency operations annually with tax increment funds. The City historically loaned funds to the Prior Agency for various capital projects and land acquisitions. Several of these loans remain outstanding. The City believes such loans to be enforceable obligations (as described under the caption "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule") because each has a valid loan agreement executed prior to the enactment of the Dissolution Act.

After litigation with the State, approximately \$16 million in loans between the City and the Prior Agency relating to the Downtown/Airport Merged Redevelopment Project Area were determined to be enforceable obligations, of which approximately \$5 million currently remain outstanding. The loans do not contain a pledge of tax increment revenues and, accordingly, the Agency's repayment obligations thereunder are payable on a subordinate basis to the payment of debt service on the Bonds.

The DOF issued its final determination regarding the Agency's DDR for the Housing Fund on November 9, 2012, having determined that the Agency's Housing Fund Unobligated Balance available for distribution to the taxing agencies was \$4,138,544. The DOF issued its final determination regarding the DDR for the Other Funds on April 1, 2013, having determined that the Agency's Non-Housing Funds Unobligated Balance available for distribution to the taxing agencies was \$14,324,307. The Agency has remitted such sums to the County Auditor-Controller.

Because the Agency has made the remittances required by the DOF's final determination concerning the DDRs, as well as certain other amounts previously required to be remitted pursuant to the Dissolution Act, the DOF issued a "Finding of Completion" to the Agency on April 17, 2013. Upon receipt of such Finding of Completion, the Agency is permitted to proceed with actions permitted under certain provisions of the Dissolution Act.

THE PROJECT AREAS

General

The Prior Agency was established pursuant to the Redevelopment Law and was activated by Ordinance No. 3481 adopted by the City Council on November 14, 1967, at which time the City Council declared itself to be the governing board of the Agency. The Prior Agency was charged with the authority and responsibility of redeveloping and upgrading blighted areas of the City.

Under the Redevelopment Law, a city or county that activated a redevelopment agency was required to adopt, by ordinance, a redevelopment plan for each redevelopment project to be undertaken by the redevelopment agency. A redevelopment agency could only undertake those activities within a redevelopment project that were specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal

document, the content of which is largely prescribed in the Redevelopment Law, rather than a “plan” in the customary sense of the word.

As discussed under the caption “SECURITY FOR THE BONDS—Tax Increment Financing,” the Bonds are secured by Tax Revenues from all seven Project Areas.

A breakdown of the taxable valuations and resulting gross tax increment in each Project Area for Fiscal Year 2017-18 is set forth in the below table:

Table 1
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Tax Revenues (Fiscal Year 2017-18)

<i>Project Area</i>	<i>Number of Acres</i>	<i>Total Valuation</i>	<i>Less Base Year Valuation</i>	<i>Incremental Valuation</i>	<i>% of Incremental Valuation</i>	<i>Gross Tax Increment</i>
University Corridor/Sycamore Canyon Merged Redevelopment Project Area	2,346	\$ 1,576,882,485	\$ 107,359,759	\$ 1,469,522,726	19.34%	\$ 14,833,227
Downtown/Airport Merged Redevelopment Project Area	2,417	1,577,465,240	162,212,525	1,415,252,715	18.62	14,622,527
Casa Blanca Redevelopment Project Area	725	411,751,533	19,167,136	392,584,397	5.17	3,978,844
Arlington Redevelopment Project Area	1,274	1,038,938,994	441,758,688	597,180,306	7.86	6,021,803
Magnolia Center Redevelopment Project Area	475	701,067,344	311,033,930	390,033,414	5.13	3,928,334
Hunter Park/Northside Redevelopment Project Area	2,636	1,696,331,717	747,435,274	948,896,443	12.49	9,550,964
La Sierra/Arlanza Redevelopment Project Area	<u>6,424</u>	<u>4,620,643,165</u>	<u>2,234,668,726</u>	<u>2,385,974,439</u>	<u>31.40</u>	<u>23,997,744</u>
TOTAL	16,297	\$ 11,623,080,478	\$ 4,023,636,038	\$ 7,599,444,440	100.0%	\$ 76,933,444

Source: DHA Consulting, LLC; City.

Taxable values for each Project Area for the current and past twelve Fiscal Years are set forth in the below table.

Table 2
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Historic Taxable Values

<i>Project Area</i>	<i>Fiscal Year</i>												
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
University Corridor ⁽¹⁾	\$ 390,270,244	\$ 479,160,401	\$ 526,034,512	\$ 588,489,916	\$ 571,615,603	\$ 559,041,151	\$ 564,286,804	\$ 547,631,443	\$ 527,193,043	\$ 530,748,123	\$ 563,885,171	\$ 581,594,538	\$ 607,512,697
Sycamore Canyon ⁽²⁾	312,727,031	405,051,499	555,207,283	709,942,104	793,867,394	806,694,685	797,163,424	779,679,454	770,069,156	794,082,300	821,754,272	861,725,685	969,369,788
Downtown ⁽³⁾	552,213,727	629,029,698	681,774,456	804,304,472	804,747,298	753,591,675	746,247,779	759,516,963	783,440,252	779,458,293	808,418,617	836,315,183	930,031,119
Airport ⁽⁴⁾	436,493,811	449,895,557	473,253,416	519,032,950	568,923,852	543,181,934	569,871,000	563,287,635	562,507,430	543,512,177	574,954,943	633,255,350	647,434,121
Casa Blanca ⁽⁵⁾	271,316,014	309,300,853	346,448,674	365,338,491	338,580,209	329,446,287	323,180,540	327,430,731	341,417,003	352,030,382	377,303,235	388,332,085	411,751,533
Arlington ⁽⁶⁾	700,540,419	832,890,707	950,738,347	963,219,754	930,243,474	903,724,101	894,881,093	854,509,065	876,700,393	928,198,179	942,937,062	989,021,782	1,038,938,994
Magnolia Center	455,735,493	515,222,378	592,789,148	623,532,791	619,733,030	615,131,021	622,035,383	607,467,515	622,744,106	653,973,903	655,171,693	686,774,243	701,067,344
Hunter Park/Northside ⁽⁶⁾	951,432,425	1,183,960,698	1,442,631,347	1,546,577,865	1,421,212,507	1,384,298,870	1,355,908,415	1,435,101,551	1,462,801,971	1,531,646,261	1,581,844,945	1,627,651,423	1,696,331,717
La Sierra/Arlanza ⁽⁷⁾	3,088,892,758	3,391,493,712	3,996,705,474	3,915,073,748	3,514,974,685	3,435,935,839	3,507,180,746	3,494,395,509	3,613,761,115	3,947,632,241	4,158,564,054	4,401,001,643	4,620,643,165
TOTAL VALUE	\$7,159,621,922	\$8,196,005,503	\$9,565,582,657	\$10,035,512,091	\$9,563,898,052	\$9,331,045,563	\$9,380,755,184	\$9,369,019,866	\$9,560,634,469	\$10,061,281,859	\$10,484,833,992	\$11,005,671,932	\$11,623,080,478
% Change	16.71%	14.48%	16.71%	4.91%	(4.70)%	(2.43)%	0.53%	(0.13)%	2.05%	5.24%	4.21%	4.97%	5.61%
Base Year	\$4,072,653,147	\$4,072,653,147	\$4,072,653,147	\$4,072,653,147	\$4,072,653,147	\$4,023,636,038	\$4,023,636,038	\$4,023,636,038	\$4,023,636,038	\$ 4,023,636,038	\$ 4,023,636,038	\$ 4,023,636,038	\$ 4,023,636,038
Total Incremental Value	\$3,086,968,775	\$4,123,352,356	\$5,492,929,510	\$5,962,858,944	\$5,491,244,905	\$5,307,409,525	\$5,357,119,146	\$5,345,383,828	\$5,536,998,431	\$ 6,037,645,821	\$ 6,461,197,954	\$ 6,982,035,894	\$ 7,599,444,440
% Change		33.57%	33.22%	8.56%	(7.91)%	(3.35)%	0.94%	(0.22)%	3.58%	9.04%	7.02%	8.06%	8.84%
Inflationary Trend ⁽⁸⁾	2.00%	2.00%	2.00%	2.00%	2.00%	(0.02)%	0.75%	2.00%	2.00%	0.45%	2.00%	1.53%	2.00%

- ⁽¹⁾ Decreases between Fiscal Years 2008-09 and 2011-12 reflect declines in the values of three large student housing developments built prior to 2008. The decrease from the Fiscal Year 2012-13 value in Fiscal Year 2013-14 reflects a decline in the assessed valuation of Town Square Shopping Center, a discount center without nationally recognized retailer anchor stores. The assessed valuation of the property was increased in Fiscal Year 2011-12 because of a property transfer but was reduced in Fiscal Year 2013-14 back to the Fiscal Year 2010-11 level plus inflation.
- ⁽²⁾ Decreases between Fiscal Years 2010-11 and 2013-14 reflect unsecured assessment decreases and a decrease in the value of the Pepsi Bottling Group property.
- ⁽³⁾ Decreases between Fiscal Years 2009-10 and 2011-12 reflect the purchase of a large property by the County, resulting in an exemption from taxes for such property, as well as declines in the value of other large properties, including a hospital, hotel and commercial office buildings. The decrease from the Fiscal Year 2013-14 value in Fiscal Year 2014-15 reflects an increase in the amount of exemptions for certain property.
- ⁽⁴⁾ Decreases between Fiscal Years 2009-10 and 2013-14 reflect decreases in the value of a number of commercial and industrial properties. The decrease from the Fiscal Year 2013-14 value in Fiscal Year 2014-15 reflects property tax appeals, an increase in the amount of exemptions and a \$10.8 million decline in the value of fixtures and personal property for one large industrial parcel within the Airport sub-area owned by Rohr Inc., one of the largest taxpayers in the Project Areas. See Table 3.
- ⁽⁵⁾ Decreases between Fiscal Years 2008-09 and 2011-12 reflect decreases in the value of certain residential, commercial and unsecured properties, as well as Proposition 8 reductions for a commercial office building and an automobile dealership. See the caption "PROPERTY TAXATION IN CALIFORNIA—Proposition 8."
- ⁽⁶⁾ Decreases between Fiscal Years 2008-09 and 2012-13 reflect decreases in the value of certain residential, commercial and unsecured properties as a result of general economic conditions within the applicable Project Area.
- ⁽⁷⁾ Decreases between Fiscal Years 2008-09 and 2012-13 reflect decreases in the value of a number of commercial and residential properties as a result of declines processed by the County Assessor for appeals and property sales. In addition, certain areas were removed from the Project Area pursuant to amendments to the La Sierra/Arlanza Redevelopment Plan. See the caption "—The La Sierra/Arlanza Redevelopment Project Area—Redevelopment Plan."
- ⁽⁸⁾ Reflects the annual statutory change in assessed values pursuant to Article XIII A of the State Constitution. Article XIII A limits the increase in assessed values, absent new construction or sale, to the lesser of 2.00% per annum or the rate of inflation, as shown by the consumer price index. See the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIII A of the State Constitution."

Source: DHA Consulting, LLC; County of Riverside.

The top ten taxpayers for all Project Areas in the current Fiscal Year are set forth in the below table.

Table 3
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Top Ten Taxpayers (Fiscal Year 2017-18)

<i>Assessee Name</i>	<i>Project Area</i>	<i>Predominant Use</i>	<i>Number of Parcels</i>	<i>Fiscal Year 2017-18 Value</i>	<i>Percent of Total Aggregate Value</i>	<i>Percent of Incremental Value</i>
1. Riverside Healthcare System ⁽¹⁾	Downtown	Hospital	16	\$ 273,295,645	2.4%	3.6%
2. Tyler Mall Limited Partnership ⁽¹⁾	La Sierra	Shopping Center	8	214,955,525	1.8	2.8
3. Rohr Inc. ⁽¹⁾	Airport	Industrial	12	148,268,489	1.3	2.0
4. La Sierra University	La Sierra	Residential/Commercial/ Vacant	42	134,778,958	1.2	1.8
5. Ralphs Grocery Company ⁽¹⁾⁽²⁾	Sycamore Canyon	Food Distribution Facility	4	114,113,751	1.0	1.5
6. Advance Group 13 107	La Sierra	Apartments	2	102,162,548	0.9	1.3
7. CPT Riverside Plaza LLC ⁽¹⁾	Magnolia Center	Shopping Center	12	89,828,938	0.8	1.2
8. Edgemont Community Services District ⁽¹⁾⁽³⁾	Sycamore Canyon	Industrial	5	65,549,300	0.6	0.9
9. Syc Canyons and Sierra	Sycamore Canyon	Industrial	2	60,900,835	0.5	0.8
10. Sterling Riverside 2 ⁽¹⁾	Hunter Park	Apartments	<u>1</u>	<u>55,885,371</u>	<u>0.5</u>	<u>0.7</u>
			104	\$1,259,739,360	10.8%	16.6%

⁽¹⁾ These properties have assessment appeals outstanding. See the captions “PROPERTY TAXATION IN CALIFORNIA—Appeals of Assessed Values” and “PROPERTY TAXATION IN CALIFORNIA—Proposition 8.”

⁽²⁾ Includes \$26 million in unsecured value.

⁽³⁾ Public entity (community services district), but owns industrial buildings that are taxable.

Source: DHA Consulting, LLC.

The assessed valuation of the Project Areas for the current Fiscal Year by land use category is set forth in the below table.

Table 4
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Assessed Valuations by Land Uses (Fiscal Year 2017-18)

<i>Category of Value</i>	<i>Number of Properties Levied⁽²⁾</i>	<i>Fiscal Year 2017-18 Total Value</i>	<i>Percentage of Total Value⁽³⁾</i>
Residential	19,034	\$ 4,950,947,642	42.60%
Commercial	1,901	3,318,828,363	28.55
Industrial	895	2,104,422,484	18.11
Recreational	11	43,766,647	0.38
Institutional	96	44,477,009	0.38
Vacant Land	1,528	224,735,516	1.93
SBE ⁽¹⁾⁽²⁾	12	131,859	0.00
Cross Reference ⁽¹⁾⁽²⁾	981	74,526,602	0.64
Unsecured	4,122	822,118,993	7.07
Miscellaneous/Unknown	<u>10</u>	<u>39,125,363</u>	<u>0.34</u>
Total	23,475	\$ 11,623,080,478	100.00%

⁽¹⁾ Non-unitary property assessed by the State Board of Equalization.

⁽²⁾ Excludes the totals for the following value categories which represent duplicate parcel counts: SBE (state assessed property), Cross Reference and Unsecured.

⁽³⁾ May not total 100.00% due to rounding.

Source: County Assessment Records; City.

Specific information about each Project Area and its redevelopment plan is set forth below.

The University Corridor/Sycamore Canyon Merged Redevelopment Project Area

General. The University Corridor/Sycamore Canyon Merged Redevelopment Project Area, which contains a total of approximately 2,346 acres, is the result of a merger of two project areas:

University Corridor Sub-Area. This area was originally called the Central Industrial Redevelopment Project Area, but was later redesignated the University Corridor Redevelopment Project Area. Approximately 1,012 acres are attributable to the University Corridor sub-area. The areas north and south of the University Corridor sub-area are primarily residential. Directly east of the University Corridor sub-area is the University of California, Riverside. The University Corridor sub-area is near the merger of Interstate 215 and State Route 60 and also near State Route 91. Railroad lines run through the University Corridor sub-area east of State Route 91.

At the time of its formation in 1977, the overall character of the University Corridor sub-area consisted of mixed industrial uses, primarily older buildings with numerous rail lines and spurs. The University Corridor sub-area serves as the focus for the three railroads which traverse the City. The University Corridor sub-area is currently a mix of land uses, primarily industrial in the western portion with commercial and residential uses in the area to the east. Land use in the University Corridor sub-area consists of streets/railroad right-of-way, industrial uses, commercial property, residential property and public/institutional uses.

Sycamore Canyon Sub-Area. Approximately 1,334 acres are attributable to the Sycamore Canyon sub-area, most of which is in the southwest portion of the City. The Sycamore Canyon sub-area is close to Interstate 215 and State Route 60.

At the time of its formation in 1983, the Sycamore Canyon sub-area was vacant land, approved under the Sycamore Canyon Specific Plan for industrial/business park uses and limited retail support commercial development. The Sycamore Canyon sub-area was bordered on the east by Burlington Northern & Santa Fe rail lines and spurs, as well as Interstate 215, and proximate to State Route 60 to the north. Three Interstate interchanges service the Sycamore Canyon sub-area: Fair Isle Drive to the north, Eastridge/Eucalyptus Avenue in the center and Alessandro Boulevard at the southerly boundary. The Sycamore Canyon sub-area is now the focus of major industrial and warehouse development. Its location just northwest of the March Global Port facility has proven to be attractive for new industrial development. Major tenants now include Pepsi Bottling Group, Smart & Final, Quad/Graphics Inc., the Visiting Nurse Association and distribution centers for Ralph's Markets and Big 5 Sporting Goods (the latter of which occupies almost 1,000,000 square feet) and several others.

When the University Corridor Redevelopment Project Area and the Sycamore Canyon Redevelopment Project Area were merged in 1997, approximately 154 acres were added to the new merged redevelopment project area, consisting of approximately 120 acres located near the original University Corridor sub-area and approximately 34 acres located near the Sycamore Canyon sub-area. Approximately 65 of the 154 additional acres are currently utilized as an agricultural research facility by the University of California, Riverside. The surrounding parcels in the added area have been developed for urban uses. Major tenants include the University of California, Riverside, Denny's and Coco's Bakery and Restaurant. In addition, the California Air Resources Board is currently constructing a new 380,000 square foot headquarters building, which is expected to employ approximately 460 people, in the University Corridor/Sycamore Canyon Merged Redevelopment Project Area. A separate approximately 400,000 square foot industrial facility is also under development.

The University Corridor/Sycamore Canyon Merged Redevelopment Project Area is substantially developed.

Tax Sharing Obligations.

Pass-Through Agreements. A summary of the Agency's negotiated Pass-Through Agreements applicable to the University Corridor/Sycamore Canyon Merged Redevelopment Project Area is set forth in Exhibit VII-3 in Appendix A.

Statutory Pass-Through Amounts. All areas of the University Corridor/Sycamore Canyon Merged Redevelopment Project Area are subject to statutory tax sharing under AB 1290. See the caption "PROPERTY TAXATION IN CALIFORNIA—Former Redevelopment Time Limits." The Agency [has completed] proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds. See the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The Downtown/Airport Merged Redevelopment Project Area

General. The Downtown/Airport Merged Redevelopment Project Area consists of approximately 2,417 acres, or approximately 5% of the total incorporated area of the City.*

Airport Sub-Area. Approximately 1,710 acres are attributable to the Airport sub-area. Approximately 71% of the Airport sub-area is designated for industrial or light industrial uses. The Airport sub-area is on the periphery of the City's residential development which has occurred to the east and northeast of the airport. Residential development has also occurred to the north of the airport; however, this latter area is separated from the Airport sub-area by a series of commercial developments. The area south of Van Buren Boulevard and Arlington Avenue is primarily devoted to commercial uses while the land west of the Airport

* It should be noted that although the Hunter Park/Northside Redevelopment Project Area was merged into the Downtown/Airport Merged Redevelopment Project Area in 2009, for comparison purposes, the Hunter Park/Northside Redevelopment Project Area is discussed separately in this Official Statement.

sub-area is largely agricultural. Several offices are located in the northern portion of the Airport sub-area, in addition to scattered residences.

Downtown Sub-Area. Approximately 707 acres are attributable to the Downtown sub-area. Approximately 43% of the Downtown sub-area is designated for residential uses. The campus of Riverside City College borders the Downtown sub-area on the south. Single and multi-family residential neighborhoods in the northern portion of the Downtown sub-area separate the City's downtown area from an industrial development north of the Downtown sub-area.

The Downtown/Airport Merged Redevelopment Project Area is substantially developed.

Tax Sharing Obligations.

Pass-Through Agreements. A summary of the Agency's negotiated Pass-Through Agreements applicable to the Downtown/Airport Merged Redevelopment Project Area is set forth in Exhibit VII-2 in Appendix A.

Statutory Pass-Through Amounts. Certain areas within the Downtown/Airport Merged Redevelopment Project Area are subject to statutory tax sharing under AB 1290. See the caption "PROPERTY TAXATION IN CALIFORNIA—Former Redevelopment Time Limits." The Agency [has completed] proceedings for the subordination of the Statutory Pass-Through Amounts to the payment of debt service on the Bonds. See the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The Casa Blanca Redevelopment Project Area

General. The Casa Blanca Redevelopment Project Area consists of approximately 725 acres bounded generally on the north by the 91 Freeway, on the east by Washington and Mary Streets, on the south by Victoria Avenue and on the west by Jefferson Street.

The Casa Blanca Redevelopment Project Area includes older residential neighborhoods. The area immediately south of the 91 Freeway is primarily devoted to commercial usage while the land further south toward Lincoln Avenue is primarily residential. Immediately north of Victoria Avenue, land uses consist of agricultural, residential, low and very low density residential.

The Casa Blanca Redevelopment Project Area is substantially developed.

Tax Sharing Obligations.

Pass-Through Agreements. A summary of the Agency's negotiated Pass-Through Agreements applicable to the Casa Blanca Redevelopment Project Area is set forth in Exhibit VII-1 in Appendix A.

Statutory Pass-Through Amounts. The Casa Blanca Redevelopment Project Area is subject to statutory tax sharing under AB 1290. See the caption "PROPERTY TAXATION IN CALIFORNIA—Former Redevelopment Time Limits." The Agency [has completed] proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds. See the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The Arlington Redevelopment Project Area

General. The Arlington Redevelopment Project Area originally encompassed approximately 40 acres (the "Original Area"). Approximately 998 acres were added to the Project Area in 1999 (the "1999

Amendment Area") and 236 acres were added in 2003 (the "**Amendment No. 3 Area**" and, together with the 1999 Amendment Area, the "**Amendment Areas**").

The Arlington Redevelopment Project Area currently consists of approximately 1,274 acres and is primarily developed with residential, commercial uses and office uses.

The Arlington Redevelopment Project Area is substantially developed.

Tax Sharing Obligations. The Prior Agency did not enter into any agreements pursuant to which it has pledged tax increment generated in the Arlington Redevelopment Project Area.

However, the Arlington Redevelopment Project Area is subject to statutory tax sharing under AB 1290. See the caption "PROPERTY TAXATION IN CALIFORNIA—Former Redevelopment Time Limits." The Agency [has completed] proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds. See the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The Magnolia Center Redevelopment Project Area

General. The Magnolia Center Redevelopment Project Area encompasses approximately 475 acres. The Magnolia Center Redevelopment Project Area features a commercial office base , a central location, the Riverside Plaza shopping center and several other businesses.

The Magnolia Center Redevelopment Project Area is substantially developed.

Tax Sharing Obligations. The Prior Agency did not enter into any agreements pursuant to which it has pledged tax increment generated in the Magnolia Center Redevelopment Project Area.

However, the Magnolia Center Redevelopment Project Area is subject to statutory tax sharing under AB 1290. See the caption "PROPERTY TAXATION IN CALIFORNIA—Former Redevelopment Time Limits." The Agency [has completed] proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds. See the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs."

The Hunter Park/Northside Redevelopment Project Area

General. The Hunter Park/Northside Redevelopment Project Area was formed in June 2003 and includes 2,636 acres. Working with a Project Area Committee, the Prior Agency approved a redevelopment plan for the Hunter Park/Northside Redevelopment Project Area (the "**Hunter Park/Northside Redevelopment Plan**") that set goals for preserving and enhancing neighborhoods, encouraging investment and development, promoting new and diverse employment, promoting expansion of the Hunter Park/Northside Redevelopment Project Area's industrial and commercial bases and providing new or improved public facilities and infrastructure.

In connection therewith, the City formed the Hunter Park Assessment District to help finance approximately \$13,000,000 of infrastructure improvements within the Hunter Park/Northside Redevelopment Project Area. Improvements included construction of new curbs, gutters, sidewalks and a storm drain system, street widening, relocation of utility poles, realignment of a portion of Marlborough Avenue and realignment and signalization of railroad crossings at Marlborough Avenue. Improvements began in 2005 and were completed in or about 2013.

The Hunter Park/Northside Redevelopment Project Area consists of light office/industrial uses as well as residential uses. Major tenants include American Medical Response, G4S Security Solutions, Cibaria

International Inc. Anheuser-Busch and Bourns. In addition, certain areas consist of vacant land. The City is currently conducting a study and public outreach to determine possible development options for such vacant land.

The Hunter Park/Northside Redevelopment Project Area was merged into the Downtown/Airport Merged Redevelopment Project Area in 2009. However, for comparison purposes, the Hunter Park/Northside Redevelopment Project Area is discussed separately in this Official Statement.

Tax Sharing Obligations. The Prior Agency did not enter into any agreements pursuant to which it has pledged tax increment generated in the Hunter Park/Northside Redevelopment Project Area.

However, the Hunter Park/Northside Redevelopment Project Area is subject to statutory tax sharing under AB 1290. See the caption “PROPERTY TAXATION IN CALIFORNIA—Former Redevelopment Time Limits.” The Agency [has completed] proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds. See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs.”

The La Sierra/Arlanza Redevelopment Project Area

General. The original La Sierra/Arlanza Redevelopment Project Area established in 2004 consisted of approximately 8,066 acres. Pursuant to amendments to the redevelopment plan for the La Sierra/Arlanza Redevelopment Project Area (the “**La Sierra/Arlanza Redevelopment Plan**”) adopted in 2005 and 2006, approximately 1,305 acres and 337 acres, respectively, were removed from the La Sierra/Arlanza Redevelopment Project Area. The current size of the La Sierra/Arlanza Redevelopment Project Area is approximately 6,425 acres.

Prior to its dissolution, the Prior Agency actively focused economic revitalization efforts in two primary commercial areas within the La Sierra/Arlanza Redevelopment Project Area. The Five Points area, located at La Sierra Avenue, Pierce and Hole Streets, serves as a major entryway to La Sierra University and the City’s Riverwalk mixed-use development. Park Sierra, comprised of approximately 40 acres located at the corner of the 91 Freeway, La Sierra Avenue and Magnolia Avenue, is a major western entryway to the City. Park Sierra includes significant commercial developments, including Hampton Inn & Suites, Walgreen’s, Red Lobster, Raising Cane’s, Castle Park Amusement Park and LA Fitness as well as a Kaiser Permanente hospital.

The La Sierra/Arlanza Redevelopment Project Area is substantially developed.

Tax Sharing Obligations. The Prior Agency did not enter into any agreements pursuant to which it has pledged tax increment generated in the La Sierra/Arlanza Redevelopment Project Area.

However, the La Sierra/Arlanza Redevelopment Project Area is subject to statutory tax sharing under AB 1290. See the caption “PROPERTY TAXATION IN CALIFORNIA—Former Redevelopment Time Limits.” The Agency [has completed] proceedings for the subordination of the Statutory Pass-Through payments to the payment of debt service on the Bonds. See the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Statutory Pass-Throughs.”

The Eastside Redevelopment Project Area

The Prior Agency previously received tax increment revenues from the Eastside Redevelopment Project Area for the Eastside Redevelopment Project. The Eastside Redevelopment Project reached its time limit to receive tax increment revenues and its redevelopment plan expired on October 31, 1997. The Eastside Redevelopment Project Area no longer receives any tax increment revenues. The Eastside Redevelopment Project Area had debt in the aggregate principal amount of \$85,000 that matured on February 1, 2018. However, such debt was not secured by a pledge of Tax Revenues from any of the Project Areas and payments on such

debt were made from Successor Agency reserves rather than from the Redevelopment Property Tax Trust Fund. Because no tax increment revenues are generated from the Eastside Redevelopment Project Area, Tax Revenues do not include any moneys from such project area.

TAX REVENUES

Tax Revenues are to be deposited in the Redevelopment Obligation Retirement Fund, and thereafter and after transfers have been made by the Agency to the Debt Service Fund, administered by the Trustee and applied to the payment of the principal of and interest on the Bonds.

Projected Tax Revenues

The Agency has retained the Fiscal Consultant to provide projections of taxable valuation and Tax Revenues from developments in the Project Areas.

The projections in Table 5 below assume: (i) approximately 2% annual growth in tax increment revenues beginning in Fiscal Year 2018-19 through the maturity of the Bonds; (ii) increases in assessed valuations for Fiscal Year 2017-18 to reflect property sales information from January 1, 2017 (the lien date for such Fiscal Year) through February 28, 2018; (iii) reductions in assessed valuations to reflect assessment appeals as described under the caption “PROPERTY TAXATION IN CALIFORNIA—Appeals of Assessed Values;” (iv) unitary revenues (as described under the caption “PROPERTY TAXATION IN CALIFORNIA—Unitary Property”) of \$939,000 per year; (v) no revenues from supplemental assessments (as described under the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Supplemental Assessments”) or aircraft assessments; and (vi) no revenues from constructed developments which have not been assessed. See Section G of the Fiscal Consultant Report that is set forth in Appendix A.

The projections in Table 6 below assume: (i) no growth in tax increment revenues above Fiscal Year 2017-18 amounts through the maturity of the Bonds; (ii) no increases in assessed valuations for Fiscal Year 2017-18 to reflect property sales information from January 1, 2017 (the lien date for such Fiscal Year) through February 28, 2018; (iii) reductions in assessed valuations to reflect assessment appeals as described under the caption “PROPERTY TAXATION IN CALIFORNIA—Appeals of Assessed Values;” (iv) unitary revenues (as described under the caption “PROPERTY TAXATION IN CALIFORNIA—Unitary Property”) of \$939,000 per year; (v) no revenues from supplemental assessments (as described under the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Supplemental Assessments”) or aircraft assessments; and (vi) no revenues from constructed developments which have not been assessed. See Section G of the Fiscal Consultant Report that is set forth in Appendix A.

The Agency believes that the assumptions (set forth in the footnotes below and in Appendix A) upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur. See the caption “RISK FACTORS.” Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material. A summary of the projected total taxable valuation and Tax Revenues for all Project Areas is set forth in the below table:

Table 5
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Projected Tax Revenues (2% Growth Assumption)

<i>Fiscal Year</i>	<i>Real Property</i>	<i>Other Property</i>	<i>Total Property</i> ⁽¹⁾	<i>Taxable Value Changes</i> ⁽²⁾	<i>Total Value</i>	<i>Less Base Year Assessed Valuation (\$4,023,636,038)</i>	<i>Gross Tax Increment Revenues</i> ⁽³⁾	<i>County Administrative Charge</i> ⁽⁴⁾	<i>Senior Obligations</i> ⁽⁵⁾	<i>Senior Tax Sharing</i> ⁽⁶⁾	<i>Tax Revenues</i>	<i>Subordinate Tax Sharing</i> ⁽⁷⁾	<i>AB 1290</i> ⁽⁸⁾ <i>Tax Sharing</i>	<i>Net Tax Revenues</i> ⁽⁹⁾
2017-18	\$11,029,928,857	\$593,151,621	\$11,623,080,478	\$ -	\$11,623,080,478	\$ 7,599,444,440	\$ 76,933,444	\$ 961,668	\$2,606,515	\$ 9,251,141	\$ 64,114,121	\$1,810,057	\$12,627,319	\$49,676,744
2018-19	11,250,527,434	593,151,621	11,843,679,055	350,216,314	12,193,895,369	8,170,259,331	82,641,593	1,033,020	2,183,999	9,704,858	69,719,716	1,863,202	14,332,634	53,523,880
2019-20	11,832,758,623	593,151,621	12,425,910,244	(16,738,217)	12,409,172,027	8,385,535,989	84,794,360	1,059,929	17,000	9,856,238	73,861,192	1,889,037	14,988,571	56,983,585
2020-21	12,052,340,814	593,151,621	12,645,492,435	-	12,645,492,435	8,621,856,397	87,157,564	1,089,470	7,000	10,250,552	75,810,543	1,917,249	15,693,043	58,200,252
2021-22	12,293,387,630	593,151,621	12,886,539,251	-	12,886,539,251	8,862,903,213	89,568,032	1,119,600	7,000	10,449,898	77,991,534	1,946,025	16,411,604	59,633,905
2022-23	12,539,255,383	593,151,621	13,132,407,004	-	13,132,407,004	9,108,770,966	92,026,710	1,150,334	-	10,653,231	80,223,145	1,975,376	17,144,536	61,103,232
2023-24	12,790,040,491	593,151,621	13,383,192,112	-	13,383,192,112	9,359,556,074	94,534,561	1,181,682	-	10,860,631	82,492,248	2,005,315	17,892,128	62,594,805
2024-25	13,045,841,301	593,151,621	13,638,992,922	-	13,638,992,922	9,615,356,884	97,092,569	1,213,657	-	11,072,179	84,806,733	2,035,853	18,654,671	64,116,210
2025-26	13,306,758,127	593,151,621	13,899,909,748	-	13,899,909,748	9,876,273,710	99,701,737	1,246,272	-	11,287,957	87,167,508	1,788,968	19,432,465	65,946,075
2026-27	13,572,893,289	593,151,621	14,166,044,910	-	14,166,044,910	10,142,408,872	102,363,089	1,279,539	-	11,508,052	89,575,498	1,815,179	20,225,814	67,534,505
2027-28	13,844,351,155	593,151,621	14,437,502,776	-	14,437,502,776	10,413,866,738	105,077,667	1,313,471	-	11,732,548	92,031,649	1,841,914	21,035,031	69,154,704
2028-29	14,121,238,178	593,151,621	14,714,389,799	-	14,714,389,799	10,690,753,761	107,846,538	1,348,082	-	11,961,534	94,536,922	1,869,183	21,861,857	70,805,881
2029-30	14,403,662,942	593,151,621	14,996,814,563	-	14,996,814,563	10,973,178,525	110,670,785	1,383,385	-	12,195,100	97,092,301	1,896,998	22,724,971	72,470,331
2030-31	14,691,736,200	593,151,621	15,284,887,821	-	15,284,887,821	11,261,251,783	113,551,518	1,419,394	-	12,433,337	99,698,787	1,925,369	23,605,855	74,167,562
2031-32	14,985,570,924	593,151,621	15,578,722,545	-	15,578,722,545	11,555,086,507	116,489,865	1,456,123	-	12,676,339	102,357,403	1,954,308	24,525,891	75,877,204
2032-33	15,285,282,343	593,151,621	15,878,433,964	-	15,878,433,964	11,854,797,926	119,486,979	1,493,587	-	12,924,201	105,069,191	1,983,825	25,464,327	77,621,039
2033-34	15,590,987,990	593,151,621	16,184,139,611	-	16,184,139,611	12,160,503,573	122,544,036	1,531,800	-	13,177,020	107,835,215	2,013,933	26,472,033	79,349,250
2034-35	15,902,807,750	593,151,621	16,495,959,371	-	16,495,959,371	12,472,323,333	125,662,233	1,570,778	-	13,434,896	110,656,560	2,044,643	27,677,640	80,934,277
2035-36	16,220,863,905	593,151,621	16,814,015,526	-	16,814,015,526	12,790,379,488	128,842,795	1,610,535	-	13,697,929	113,534,331	2,075,967	28,909,301	82,549,064
2036-37	16,545,281,183	593,151,621	17,138,432,804	-	17,138,432,804	13,114,796,766	132,086,968	1,651,087	-	13,966,223	116,469,658	2,107,917	30,165,594	84,196,146
2037-38	16,876,186,806	593,151,621	17,469,338,427	-	17,469,338,427	13,445,702,389	135,396,024	1,692,450	-	14,239,882	119,463,691	2,140,507	31,447,014	85,876,171

⁽¹⁾ Assessed values for Fiscal Year 2017-18 as reported by the County. Real property values (land and improvements) are assumed to increase each year by the maximum annual inflationary factor allowable under Proposition 13 (2.0%).

⁽²⁾ Estimated taxable value changes to reflect property transfers through February 28, 2018 and the resolution of currently outstanding appeals. See the caption "PROPERTY TAXATION IN CALIFORNIA—Appeals of Assessed Values."

⁽³⁾ Gross tax revenue is calculated at a 1.0% tax rate plus estimated unitary revenue of \$939,000.

⁽⁴⁾ See the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs."

⁽⁵⁾ Costs associated with certain obligations that have been determined by Bond Counsel to be payable from tax increment revenues on a senior basis to the Bonds. See the caption "SECURITY FOR THE BONDS—Senior Obligations—Other Senior Obligations."

⁽⁶⁾ Includes Pass-Through Agreements that are described under the caption "SECURITY FOR THE BONDS—Senior Obligations—Senior Pass-Through Agreements."

⁽⁷⁾ Includes subordinate Pass-Through Agreements with the County Superintendent of Schools, the Riverside Unified School District and the Riverside Community College District. Also includes tax sharing agreements with County for the Casa Blanca Redevelopment Project Area and with RCFCWCD for the Casa Blanca and University Corridor Redevelopment Project Areas.

⁽⁸⁾ Statutory pass-through payments to taxing entities without written pass-through agreements have been subordinated. [CONFIRM]

⁽⁹⁾ Tax Revenues, less Subordinate Tax Sharing amount and less AB 1290 Tax Sharing amount.

Source: DHA Consulting, LLC.

Table 6
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Projected Tax Revenues (No Growth Assumption)

<i>Fiscal Year</i>	<i>Real Property</i>	<i>Other Property</i>	<i>Total Property</i> ⁽¹⁾	<i>Taxable Value Changes</i> ⁽²⁾	<i>Total Value</i>	<i>Less Base Year Assessed Valuation (\$4,023,636,038)</i>	<i>Gross Tax Increment Revenues</i> ⁽³⁾	<i>County Administrative Charge</i> ⁽⁴⁾	<i>Senior Obligations</i> ⁽⁵⁾	<i>Senior Tax Sharing</i> ⁽⁶⁾	<i>Tax Revenues</i>	<i>Subordinate Tax Sharing</i> ⁽⁷⁾	<i>AB 1290</i> ⁽⁸⁾ <i>Tax Sharing</i>	<i>Net Tax Revenues</i> ⁽⁹⁾
2017-18	\$11,029,928,857	\$593,151,621	\$11,623,080,478	\$ -	\$11,623,080,478	\$7,599,444,440	\$76,933,444	\$961,668	\$2,606,515	\$9,251,141	\$64,114,121	\$1,810,057	\$12,627,319	\$49,676,744
2018-19	11,029,928,857	593,151,621	11,623,080,478	(36,243,679)	11,586,836,800	7,563,200,762	76,571,008	957,138	2,184,000	9,197,267	64,232,604	1,806,431	12,534,394	49,891,779
2019-20	10,993,685,179	593,151,621	11,586,836,800	(36,243,679)	11,550,593,121	7,526,957,083	76,208,571	952,607	17,000	9,143,392	66,095,571	1,802,805	12,441,563	51,851,203
2020-21	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	7,000	9,328,609	65,920,354	1,802,805	12,441,563	51,675,986
2021-22	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	7,000	9,328,609	65,920,354	1,802,805	12,441,563	51,675,986
2022-23	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,802,805	12,441,563	51,682,986
2023-24	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,802,805	12,441,563	51,682,986
2024-25	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,802,805	12,441,563	51,682,986
2025-26	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,560,761	12,441,563	51,925,030
2026-27	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,560,761	12,441,563	51,925,030
2027-28	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,560,761	12,441,563	51,925,030
2028-29	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,560,761	12,441,563	51,925,030
2029-30	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,560,761	12,441,563	51,925,030
2030-31	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,560,761	12,441,563	51,925,030
2031-32	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,560,761	12,441,563	51,925,030
2032-33	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,560,761	12,441,563	51,925,030
2033-34	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,560,761	12,441,563	51,925,030
2034-35	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,560,761	12,441,563	51,925,030
2035-36	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,560,761	12,441,563	51,925,030
2036-37	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,560,761	12,441,563	51,925,030
2037-38	10,957,441,500	593,151,621	11,550,593,121	-	11,550,593,121	7,526,957,083	76,208,571	952,607	-	9,328,609	65,927,354	1,560,761	12,441,563	51,925,030

- (1) Assessed values for Fiscal Year 2017-18 as reported by the County. Real property values (land and improvements) are assumed to remain at Fiscal Year 2017-18 amounts through the maturity of the Bonds, except for reductions to reflect currently pending appeals.
- (2) Estimated reductions to reflect the resolution of currently outstanding appeals. See the caption "PROPERTY TAXATION IN CALIFORNIA—Appeals of Assessed Values."
- (3) Gross tax revenue is calculated at a 1.0% tax rate plus estimated unitary revenue of \$939,000.
- (4) See the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs."
- (5) Costs associated with certain obligations that have been determined by Bond Counsel to be payable from tax increment revenues on a senior basis to the Bonds. See the caption "SECURITY FOR THE BONDS—Senior Obligations—Other Senior Obligations."
- (6) Includes Pass-Through Agreements described under the caption "SECURITY FOR THE BONDS—Senior Obligations—Senior Pass-Through Agreements."
- (7) Includes subordinate Pass-Through Agreements with the County Superintendent of Schools, the Riverside Unified School District and the Riverside Community College District. Also includes tax sharing agreements with County for the Casa Blanca Redevelopment Project Area and with RCFWCWD for the Casa Blanca and University Corridor Redevelopment Project Areas.
- (8) Statutory pass-through payments to taxing entities without written pass-through agreements have been subordinated. [CONFIRM]
- (9) Tax Revenues, less Subordinate Tax Sharing amount and less AB 1290 Tax Sharing amount.
- Source: DHA Consulting, LLC.

Debt Service Coverage

Set forth below is the estimated debt service coverage for the Bonds using Fiscal Year 2017-18 Tax Revenues assuming approximately 2% growth in tax increment revenues beginning in Fiscal Year 2018-19 through the maturity of the Bonds (Table 10) and assuming no growth in tax increment revenues through the maturity of the Bonds (Table 11).

Table 7
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Estimated All-In Debt Service Coverage (2% Growth Assumption)

<i>Fiscal Year</i>	<i>Available Tax Increment Revenues⁽¹⁾</i>	<i>Other Senior Obligations⁽²⁾</i>	<i>Tax Revenues Generated from Project Areas⁽³⁾</i>	<i>2018A Bonds and 2018B Bonds⁽⁴⁾</i>	<i>2014 Bonds⁽⁴⁾</i>	<i>Total Payments For All-In Debt Service Coverage Calculation⁽⁵⁾</i>	<i>All-In Debt Service Coverage⁽⁶⁾</i>
2018-19	\$	\$	\$	\$		\$	
2019-20							
2020-21							
2021-22							
2022-23							
2023-24							
2024-25							
2025-26							
2026-27							
2027-28							
2028-29							
2029-30							
2030-31							
2031-32							
2032-33							
2033-34							
2034-35							
2035-36							
2036-37							
2037-38							

⁽¹⁾ Reflects moneys deposited into Redevelopment Property Tax Trust Fund, less County administrative charges, less payments on Senior Obligation Pass-Through Agreements and less payments on the Breezewood Agreement. See the captions “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs,” “SECURITY FOR THE BONDS—Senior Obligations—Senior Pass-Through Agreements” and “SECURITY FOR THE BONDS—Senior Obligations—Other Senior Obligations—Breezewood Agreement.”

⁽²⁾ Reflects payments on other Senior Obligations with the exception of the Breezewood Agreement. See the caption “SECURITY FOR THE BONDS—Senior Obligations—Other Senior Obligations.”

⁽³⁾ Reflects Available Tax Increment Revenues (as described in Footnote 1) less debt payments on other Senior Obligations with the exception of the Breezewood Agreement.

⁽⁴⁾ Reflects debt service payable in calendar year that begins in such Fiscal Year.

⁽⁵⁾ Reflects sum of payments on other Senior Obligations with the exception of the Breezewood Agreement and debt service on 2018A Bonds, 2018B Bonds and 2014 Bonds.

⁽⁶⁾ Reflects Available Tax Increment Revenues divided by Total Payments For All-In Debt Service Coverage Calculation.

Source: Stifel, Nicolaus & Company, Incorporated.

Table 8
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Estimated All-In Debt Service Coverage (No Growth Assumption)

<i>Fiscal Year</i>	<i>Available Tax Increment Revenues⁽¹⁾</i>	<i>Other Senior Obligations⁽²⁾</i>	<i>Tax Revenues Generated from Project Areas⁽³⁾</i>	<i>2018A Bonds and 2018B Bonds⁽⁴⁾</i>	<i>2014 Bonds⁽⁴⁾</i>	<i>Total Payments For All-In Debt Service Coverage Calculation⁽⁵⁾</i>	<i>All-In Debt Service Coverage⁽⁶⁾</i>
2018-19	\$	\$	\$	\$		\$	
2019-20							
2020-21							
2021-22							
2022-23							
2023-24							
2024-25							
2025-26							
2026-27							
2027-28							
2028-29							
2029-30							
2030-31							
2031-32							
2032-33							
2033-34							
2034-35							
2035-36							
2036-37							
2037-38							

⁽¹⁾ Reflects moneys deposited into Redevelopment Property Tax Trust Fund, less County administrative charges, less payments on Senior Obligation Pass-Through Agreements and less payments on the Breezewood Agreement. See the captions “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs,” “SECURITY FOR THE BONDS—Senior Obligations—Senior Pass-Through Agreements” and “SECURITY FOR THE BONDS—Senior Obligations—Other Senior Obligations—Breezewood Agreement.”

⁽²⁾ Reflects payments on other Senior Obligations with the exception of the Breezewood Agreement. See the caption “SECURITY FOR THE BONDS—Senior Obligations—Other Senior Obligations.”

⁽³⁾ Reflects Available Tax Increment Revenues (as described in Footnote 1) less debt payments on other Senior Obligations with the exception of the Breezewood Agreement.

⁽⁴⁾ Reflects debt service payable in calendar year that begins in such Fiscal Year.

⁽⁵⁾ Reflects sum of payments on other Senior Obligations with the exception of the Breezewood Agreement and debt service on 2018A Bonds, 2018B Bonds and 2014 Bonds.

⁽⁶⁾ Reflects Available Tax Increment Revenues divided by Total Payments For All-In Debt Service Coverage Calculation.

Source: Stifel, Nicolaus & Company, Incorporated.

RISK FACTORS

Investment in the Bonds involves elements of risk. Certain specific risk factors that may affect the payment and security of the Bonds are described below. The following discussion of risks is not meant to be an exhaustive list of the risks that are associated with the purchase of the Bonds, and the order of discussion of such risks does not necessarily reflect the relative importance of the various risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of and/or interest on the Bonds. Potential investors are advised to consider the following factors, along with all other information in this Official Statement, in evaluating the 2018 Bonds. There can be no assurance that other risk factors which are not discussed under this caption will not become material in the future.

Plan Limits

The University Corridor/Sycamore Canyon Merged Redevelopment Project Area, the Downtown/Airport Merged Redevelopment Project Area, the Casa Blanca Redevelopment Project Area and the Arlington Redevelopment Project Area are subject to time period limits on the receipt of tax increment revenues. In addition, certain Project Areas (or sub-areas therein) have cumulative limits on the amount of tax increment revenues that can be allocated to the Agency under the respective redevelopment plans.

Pursuant to SB 107, the time limits for receiving tax increment revenues for the University Corridor/Sycamore Canyon Merged Redevelopment Project Area, the Downtown/Airport Merged Redevelopment Project Area, the Casa Blanca Redevelopment Project Area and the Arlington Redevelopment Project Area, and the cumulative limits on the amount of tax increment revenues that can be allocated to the Agency, are not effective for purposes of paying the Bonds. Accordingly, the projections that are set forth in this Official Statement and in the Fiscal Consultant Report that is attached to this Official Statement as Appendix A do not take into account such time limits or cumulative tax increment amount limits.

Reduction in Taxable Value

Tax Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Areas and the current rate or rates at which property in the Project Areas is taxed. The reduction of taxable values of property in the Project Areas caused by economic factors beyond the Agency's control, such as relocation out of the Project Areas by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation or the complete or partial destruction of such property caused by, among other eventualities, earthquake, flood, drought, windstorm, wildfire or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment of and secure the Bonds. Such reduction in Tax Revenues could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the Bonds. These risks may be greater where project areas have a high concentration of major taxpayers. Based on the Fiscal Year 2017-18 tax roll, the ten largest taxpayers in the Project Areas accounted for approximately 10.8% of the total assessed value of the Project Area, or approximately 16.6% of the total incremental assessed value of the Project Areas. The Fiscal Consultant has projected that, if the Agency lost the assessed value of the ten largest taxpayers in the Project Areas, tax increment revenues for Fiscal Year 2017-18 (estimated at \$53,819,824) would still be approximately ___* times greater than debt service on the Senior Obligations, the 2014 Bonds and the Bonds. See Table 3 under the caption "THE PROJECT AREAS—General." See also the caption "—Concentration of Ownership" below.

As described in greater detail under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIII A of the State Constitution," Article XIII A 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 inflation rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors

* Preliminary, subject to change.

(as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce Tax Revenues securing the Bonds. There can be no assurance that the projections of Tax Revenues that are set forth herein will not be affected by decreases in the Consumer Price Index, changes in assessed valuations or other factors. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation several times, and in Fiscal Year 2010-11 the inflationary value adjustment was negative for the first time at -0.237%.

In addition to the other limitations on and required application under the Dissolution Act of Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, as described in this Official Statement, the State electorate or State Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Agency. Although the federal and State Constitutions include clauses generally prohibiting the State Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or State Legislature will not at some future time approve additional limitations that could reduce the Tax Revenues and adversely affect the source of repayment and security of the Bonds.

Concentration of Ownership

The risk of reduction in assessed valuations as a result of the factors that are described in this Official Statement may generally increase where the assessed value within the Project Areas is concentrated among a relatively few number of property owners. Ownership of property in the Project Areas is lightly concentrated, with the ten largest property owners accounting for approximately 10.8% of the Fiscal Year 2017-18 secured assessed valuation and 16.6% of the Fiscal Year 2017-18 incremental secured assessed valuation for the Project Areas. Significant reductions in the assessed valuations of the ten largest property owners could, by itself or in combination with other factors, have a material adverse effect on the Agency's ability to pay debt service on the Bonds as such payments become due and payable. See Table 3 under the caption "THE PROJECT AREAS—General."

Risks to Real Estate Market

The Agency's ability to make payments on the Bonds is dependent upon the economic strength of the Project Areas. The general economy of the Project Areas is subject to all of the risks that are generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, tax reform legislation such as the Tax Cuts and Jobs Act of 2017 (as discussed below), fluctuations in the real estate market and interest rates, unexpected increases in development costs, the supply of or demand for competitive properties in such area, the market value of property in the event of sale or foreclosure and other similar factors. Furthermore, real estate development within the Project Areas could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development, changes in real estate tax rates and other operating expenses, zoning laws and laws relating to threatened and endangered species and hazardous materials and fiscal policies, as well as natural disasters (including, without limitation, earthquakes, wildfires, windstorms, landslides, droughts and floods), which may result in uninsured losses. See the captions "—Future Land Use Regulations" and "—Development Risks." In addition, if there is a decline in the general economy of the Project Areas, the owners of property within the Project Areas may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Tax Revenues by the Agency from the Project Areas.

The Tax Cuts and Jobs Act of 2017 (Pub. L. No. 115-97), which was enacted into law on December 22, 2017, reduces the amount of mortgage interest expense and state and local income tax and property tax expense that individuals may deduct from their gross income for federal income tax purposes. Either of such limitations may have the effect of increasing the cost of home ownership within the Project Areas and slowing the growth in assessed valuations. The act provides that, for tax years beginning after December 31, 2017 and before January 1, 2026, a taxpayer may deduct interest expense on no more than \$750,000 in mortgage indebtedness

incurred on a qualifying home. The Fiscal Consultant has indicated that the average sale price of a single family residence in the Project Areas was approximately \$424,400 in 2017, so the \$750,000 limitation on the deductibility of mortgage interest may have no effect on many properties in the Project Areas. The act also suspends the mortgage interest deduction with respect to interest on home equity indebtedness for tax years beginning after December 31, 2017, and before January 1, 2026. In addition, the act limits the aggregate amount of state and local income and property taxes (or sales taxes) that may be deducted to no more than \$10,000 for tax years beginning after December 31, 2017 and before January 1, 2026. The Agency cannot predict the effect of these limitations on the cost of home ownership or the price of homes in the Project Areas, or on the ability or willingness of homeowners to pay property taxes when due.

Because assessed values do not necessarily indicate fair market values, the declines in fair market values in recent years may have been even greater than the declines in assessed valuations, although it is also possible that market values could be greater than assessed valuations at any given time. No assurance can be given that the individual parcel owners will pay property taxes in the future or that they will be able to pay such taxes on a timely basis. See the caption “—Bankruptcy and Legal Delays” for a discussion of certain limitations on the City’s ability to pursue judicial proceedings with respect to delinquent parcels.

Future Land Use Regulations and Growth Control Initiatives

In the past, citizens of a number of local communities in the State have placed measures on the ballot that were designed to limit the issuance of building permits or impose other restrictions to control the rate of future growth in those areas. It is possible that future initiatives could be enacted that could be applicable to the City and have a negative impact on the ability of developers in the Project Areas to complete any existing or proposed development. Although most of the Project Areas, with the exception of the Hunter Park/Northside Redevelopment Project Area, are substantially developed, Bond Owners should assume that any event that significantly affects the ability to develop or redevelop land in the City could cause the land values within the Project Areas to decrease substantially and could affect the willingness and ability of the owners of land within the Project Areas to pay property taxes when due. The projections of Tax Revenues in Tables 5 and 7 in this Official Statement assume that assessed valuations will increase by approximately 2% per annum. See the caption “TAX REVENUES.” However, there can be no assurance that such projections will be realized if land use or growth control regulations are adopted within the City, the County or Statewide.

There can be no assurance that land development within the City will not be adversely affected by future governmental policies, including, but not limited to, government policies to restrict or control development. Under current State law, it is generally accepted that proposed development is not exempt from future land use regulations until building permits have been issued and substantial work has been performed and substantial liabilities have been incurred in good faith reliance on the permits prior to the adoption of such regulations.

Development Risks

Although the Project Areas are substantially developed, there remain undeveloped areas within certain Project Areas, particularly within the Hunter Park/Northside Redevelopment Project Area. See Table 4 entitled “Assessed Valuations by Land Uses (Fiscal Year 2017-18)” under the caption “THE PROJECT AREAS—General” and the caption “THE PROJECT AREAS—Hunter Park/Northside Redevelopment Project Area—General.”

The remaining developments within the Project Areas will be subject to all of the risks that are generally associated with real estate development. Projected development within the Project Areas may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within the Project Areas could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Areas is delayed or halted, the

economy of the Project Areas could be affected. If such events lead to a decline in assessed values, they could cause a reduction in Tax Revenues. In addition, if there is a decline in the general economy of the Project Areas, the owners of property within the Project Areas may be less able or less willing to make timely payments of property taxes causing a delay or stoppage of the Tax Revenues received by the Agency from the Project Areas. In addition, the insolvency or bankruptcy of one or more large owners of property within the Project Areas could delay or impair the receipt of Tax Revenues by the Agency.

The projected Tax Revenues which are set forth in Tables 5 through 8 under the caption “TAX REVENUES” do not include projections of Tax Revenues from newly completed developments and developments that are currently under construction, and do not assume other future development within the Project Areas.

Reduction in Inflation Rate

Article XIII A of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the rate of inflation, 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. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation several times, and in Fiscal Year 2010-11 the inflationary value adjustment was negative for the first time at -0.237%. In Fiscal Year 2011-12, the inflationary value adjustment was 0.753%, which also is below the 2% limitation. The Agency is unable to predict if any adjustments to the full cash value of real property within the Project Areas, whether an increase or a reduction, will be realized in the future.

Levy and Collection of Taxes

The Agency has no independent power to levy or 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 security for and the ability of the Agency to repay the Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Project Areas, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Agency’s ability to make timely payments on the Bonds. As discussed under the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Delinquencies,” pursuant to its adoption of the Teeter Plan, the County Auditor-Controller distributes 100% of tax increment revenues allocated to each redevelopment successor agency in the County without regard to delinquencies in the payment of property taxes. However, there can be no assurance that such policy will not be changed in the future. Any reduction in Tax Revenues, whether for any of these reasons or any other reasons, could have an adverse effect on the Agency’s ability to pay the principal of and interest on the Bonds.

State Budget Issues

General. AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State’s budget acts for its fiscal years 2011-12 and 2012-13, respectively, as efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets that were previously held by redevelopment agencies to cities, counties and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (with then-projected savings of \$1.5 billion).

SB 107, which made extensive amendments to the Dissolution Act, was enacted following the adoption of the State fiscal year 2015-16 budget, after having initially been presented as AB 113, a trailer bill to the State fiscal year 2015-16 budget. SB 107 changed the process for submitting Recognized Obligation Payment Schedules from a six-month to an annual process, authorized successor agencies to submit and obtain DOF approval of a Last and Final ROPS to govern all remaining payment obligations of successor agencies, altered the provisions governing the distribution of Redevelopment Property Tax Trust Fund moneys attributable to pension and State Water Project tax rate overrides and eliminated the impact of financial and time limitations in redevelopment plans for purposes of paying enforceable obligations, among other changes to the Dissolution Act. These statutory amendments impact the manner in which successor agencies claim Redevelopment Property Tax Trust Fund moneys for enforceable obligations and, for some successor agencies, impact the amount of Redevelopment Property Tax Trust Fund moneys that will be available for payment of a successor agency's enforceable obligations.

There can be no assurance that additional legislation will not be enacted in the future to implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Tax Revenues.

2018-19 Budget. The information below concerning the State's budget for State fiscal year 2018-19 has been obtained from publicly available information that the Agency believes to be reliable; however, the Agency and the Underwriter take no responsibility for the accuracy or completeness thereof and have not independently verified such information. Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the DOF, <http://www.dof.ca.gov>, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "LAO") at <http://www.lao.ca.gov>. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, <http://www.treasurer.ca.gov>. The information referred to is prepared by the respective State agency maintaining each website and not by the City, the Agency or the Underwriter, and the City, the Agency and the Underwriter take no responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted thereon, and such information is not incorporated herein by these references.

[DISCLOSURE RE 2018-19 STATE BUDGET TO COME].

The full text of the 2018-19 Budget may be obtained from the "Official California Legislative Information" website maintained by the Legislative Counsel of the State of California pursuant to State law, at the following web link: <http://www.leginfo.ca.gov/bilinfo.html>. Information about the State budget and State spending is available at various State-maintained websites.

Certain litigation is challenging some of the terms of the Dissolution Act, and it is anticipated that there will be additional future legislation in this area. See the caption "—Challenges to Dissolution Act." The Agency cannot predict what measures may be proposed or implemented for the current fiscal year or in the future.

None of the websites or webpages that are referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Recognized Obligation Payment Schedule

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, only those obligations that are listed in the Recognized Obligation Payment Schedule may be paid by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each February 1, with respect to the following fiscal year, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the DOF

for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as described under the caption “SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule”) 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 distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Agency’s Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the June 1 property tax distribution date. See the captions “SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule” and “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Recognized Obligation Payment Schedule.”

In the event that the Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a fiscal year, the availability of Tax Revenues to the Agency could be adversely affected for such period. If a successor agency fails to submit to the DOF 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 DOF 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) below, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the DOF 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 moneys 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 DOF.

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 (after retention of amounts due to county auditor-controllers for administrative fees)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 under the caption “SECURITY FOR THE BONDS—Tax Increment Financing”) 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 that such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including pursuant to the Pass-Through Agreements and Statutory Pass-Through Amounts. Pension or State Water Project override revenues that are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override;

(ii) second, to the 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, to the Agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) fourth, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to each taxing entity’s share of property tax revenues in the tax rate area in such fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

If the 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 DOF does not provide a notice to the County Auditor-

Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above.

The Agency has covenanted in the Indenture to take all actions required under the Dissolution Act to include in each Recognized Obligation Payment Schedule debt service on the Bonds and any Parity Debt that does not constitute Bonds, so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required to enable the Agency to pay timely principal of, and interest on, the Bonds coming due with respect the applicable Semiannual Period, including inclusion on the applicable Recognized Obligation Payment Schedule of: (a) the amounts of debt service set forth in the Recognized Obligation Debt Service Payment Schedule attached to the Indenture, as amended; and (b) the amounts of debt service set forth in the Recognized Obligation Debt Service Payment Schedule attached to any Supplemental Indenture, as amended, and the inclusion of any amount required to be deposited in the 2018 Reserve Account, in order to maintain in the 2018 Reserve Account the amount of the 2018 Reserve Requirement. See Appendix B.

AB 1484 added provisions to the Dissolution Act implementing certain penalties in the event that the Agency does not timely submit a Recognized Obligation Payment Schedule for each fiscal year. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller by February 1 in each year with respect to the following fiscal year. If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to \$10,000 per day for every day that the schedule is not submitted to the DOF. Additionally, the Agency's administrative cost allowance will be reduced by 25% for any fiscal year if the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Agency fails to submit a Recognized Obligation Payment Schedule by the February 1 deadline, any creditor of the Agency, the DOF or any affected taxing entity will have standing to, and may request a writ of mandate to, require the Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the 2018 Bonds, see the caption "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule."

The estimated cash flow under the Fiscal Year 2018-19 Recognized Obligation Payment Schedule is set forth below. The subordinate obligation debt service shown in the below table assumes the refunding of the Refunded Bonds and the issuance of the Bonds, while the actual Fiscal Year 2018-19 Recognized Obligation Payment Schedule that was submitted to the Oversight Board for approval included scheduled debt service on the Refunded Bonds rather than the Bonds.

Table 9
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
2015 ESTIMATED RECOGNIZED OBLIGATION PAYMENT SCHEDULES

	<i>Estimated ROPS After Refunding (January 2019 Distribution)</i>	<i>Estimated ROPS After Refunding (June 2019 Distribution)</i>
Gross Tax Revenues (Based on Fiscal Year)	[TO COME]	
Tax Increment		
Unitary Revenue		
Total Gross Tax Revenues		
Deductions		
Property Tax Administrative Fee		
AB 1290 Tax Sharing Payments		
Breezewood Agreement ⁽¹⁾		
Total Deductions		
Tax Increment Revenues Available for Debt Service on Senior Obligations and Bonds		
	<i>Senior Obligations</i>	<i>Senior Obligations</i>
Senior Obligations		
SERAF Payment (La Sierra/Arlanza)		
SERAF Loan (Arlington)		
Property Maintenance/Disposition (La Sierra/Arlanza)		
Tyler Galleria Agreement (La Sierra/Arlanza)		
Total Senior Obligations		
Tax Revenues		
	<i>Subordinate Obligations</i>	<i>Subordinate Obligations</i>
2014A Bonds		
2014B Bonds		
2018A Bonds		
2018B Bonds		
Total Subordinate Obligations		
Remaining for Other Obligations		

⁽¹⁾ Constitutes a Senior Obligation. See the caption "SECURITY FOR THE BONDS—Senior Obligations—Breezewood Agreement."
Source: Stifel, Nicolaus & Company, Incorporated.

Last and Final Recognized Obligation Payment Schedule

SB 107 amended the Dissolution Act to permit certain successor agencies with limited remaining obligations to submit a Last and Final ROPS for approval by their oversight board and the DOF. The Last and Final ROPS must list the remaining enforceable obligations of the successor agency, including the total outstanding obligation amount and a schedule of remaining payments for each enforceable obligation. The Last and Final ROPS must also establish the maximum amount of Redevelopment Property Tax Trust Fund moneys to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid.

Any revenues, interest and earnings of the successor agency, including proceeds from the disposition of real property, that are not authorized for use pursuant to the approved Last and Final ROPS will be remitted to the county auditor-controller for distribution to the affected taxing entities. A successor agency may not expend more than the amount that has been approved for each enforceable obligation listed on the approved Last and

Final ROPS and, once the successor agency has received Redevelopment Property Tax Trust Fund moneys equal to the amount of the total outstanding obligations approved in the Last and Final ROPS, the county auditor-controller will not allocate further Redevelopment Property Tax Trust Fund moneys to the successor agency.

Successor agencies may only amend an approved Last and Final ROPS twice. If the Agency prepares and obtains DOF approval of a Last and Final ROPS and subsequently amends the Last and Final ROPS two times, the Agency may be unable to make unexpected or unscheduled reserve deposits or payments due to the bond insurers or the Surety Provider or with respect to other Parity Debt.

See the caption “SECURITY FOR THE BONDS—Last and Final Recognized Obligation Payment Schedule” for a discussion of the requirements for a Last and Final ROPS and the mechanics for allocation of Redevelopment Property Tax Trust Fund moneys pursuant to an approved Last and Final ROPS. The Agency is not currently eligible to seek approval of a Last and Final ROPS because certain of its outstanding obligations are variable in nature. The Agency does not currently expect to seek approval of a Last and Final ROPS in the future, although there can be no assurance that such expectations will not change.

Santa Ana Unified School District Case

The Fourth District of the California Court of Appeal has rendered a decision in *Santa Ana Unified School District vs. Orange County Development Agency* (the “**Santa Ana USD Case**”) which involves the allocation of tax increment revenues pursuant to Section 33676(a) of the Redevelopment Law as it existed before the passage of AB 1290 (which is discussed under the caption “PROPERTY TAXATION IN CALIFORNIA—Former Redevelopment Time Limits.” Generally, before AB 1290, Section 33676(a) provided that, prior to the adoption of a redevelopment plan (or an amendment adding territory to a project area), under certain conditions, “any affected taxing agency may elect, and every school and community college district shall elect, to be allocated all or any portion of the tax revenues” derived based on an annual adjustment of the base year assessed value of real properties in the project area (or the added territory). The words “every school and community college district shall elect” were added pursuant to a 1984 amendment. The amount of property taxes that a taxing entity may receive under the former Section 33676(a) is derived by increasing the base year value of taxable real property in the project area (or the added territory) by an inflationary factor of not greater than 2% per year (the “**2% Allocation**”). In effect, the 2% Allocation reduced the tax increment revenues that a redevelopment agency received from the project area (or, if applicable, an added area to the project area).

In the Santa Ana USD Case, the redevelopment plan at issue was adopted in 1986. In 1996, the Santa Ana Unified School District (“**Santa Ana USD**”) adopted a resolution electing to be paid its share of the 2% Allocation. The Orange County Development Agency took the position that Santa Ana USD was not entitled to the 2% Allocation because the election to receive such allocation should have been made before the adoption of the redevelopment plan for the project area. In turn, Santa Ana USD argued that the mandatory nature of the words “shall elect” in the statute made the allocation mandatory with respect to a school district. The lower court ruled in favor of Santa Ana USD. In an opinion published June 29, 2001, the Court of Appeal affirmed. As a result, Santa Ana USD received the award it had requested, i.e., its share of the 2% Allocation from 1996, the year Santa Ana USD made the Section 33676 election. The State Supreme Court denied review of the Santa Ana USD Case on September 19, 2001.

The case affects redevelopment agencies, such as the Agency, which added territory between the years 1983 to 1994 by amending a redevelopment plan. However, none of the taxing agencies in the Project Areas made a Section 33676 election and none could in the future receive Section 33676 payments from tax revenues. Accordingly, the projections of Tax Revenues that are set forth in this Official Statement do not reflect any Section 33676 payments to taxing agencies.

Bankruptcy and Foreclosure

The payment of the property taxes from which Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

In addition, the United States Bankruptcy Code might prevent moneys on deposit in the Redevelopment Obligation Retirement Fund from being applied to pay interest on the Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that any of such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of property taxes or the timing of enforcement thereof. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

As discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Delinquencies," pursuant to the Teeter Plan, the County Auditor-Controller distributes 100% of tax increment revenues allocated to each redevelopment successor agency without regard to delinquencies in the payment of property taxes. However, there can be no assurance that this policy will not be changed in the future.

Estimated Revenues

In estimating that Tax Revenues will be sufficient to pay debt service on the Bonds, the Agency has made certain assumptions with regard to present and future assessed valuation in the Project Areas, future tax rates and tax collections. The Agency believes these assumptions to be reasonable, but there is no assurance that these assumptions will be realized. To the extent that the assessed valuation and the tax rates are less than expected, the Tax Revenues that are available to pay debt service on the Senior Obligations, the Bonds and Parity Debt 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 Bonds.

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of a taxable parcel, other less common claims may be relevant. One example is a claim with regard to a hazardous substance.

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a taxable parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but State and local laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated 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 taxable parcels be affected by a hazardous substance is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller. Such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of the property that is realizable upon a delinquency and foreclosure.

Furthermore, it is possible that liabilities may arise in the future with respect to taxable parcels resulting from the existence, currently, on the parcel of a substance that is presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance that is not presently classified as hazardous but which may in the future be so classified. All of these possibilities could significantly affect the value of a taxable parcel that is realizable upon a delinquency.

The Agency is not aware of the presence of hazardous substances in, on or under real property within the Project Areas. The Agency notes that property owned by private parties within the Project Areas related to everyday commercial activities such as automobile repair shops, gas stations and dry cleaning businesses may contain underground storage tanks or other small contamination sources and does not expect that the presence of hazardous substances on such sites will have a material adverse effect on property values in the Project Areas. However, there can be no assurance that the discovery, after the issuance of the Bonds, of additional sites which contain hazardous substances will not have an effect on property values in the Project Areas.

Natural Disasters

The value of the property in the Project Areas in the future can be adversely affected by a variety of additional factors, particularly those which may affect infrastructure and other public improvements and private improvements on property and the continued habitability and enjoyment of such private improvements. Such additional factors include, without limitation, geologic conditions such as earthquakes, topographic conditions such as earth movements, landslides and floods and climatic conditions such as high winds or droughts, as well as wildfires. In the event that one or more of such conditions occur, such occurrence could cause damages of varying seriousness to the land and improvements and the value of property in the Project Areas could be diminished in the aftermath of such events. A substantial reduction of the value of such properties could affect the ability or willingness of the property owners to pay their property taxes when due.

The City, like most communities in California, is in an area of unpredictable seismic activity, and therefore, is subject to potentially destructive earthquakes. Faults capable of producing earthquakes that are strong enough to damage surface structures underlie most of the Southern California region in a manner that puts most of the region at some risk of earthquake damage. There are several identified faults within close proximity to or within the boundaries of the Project Areas that could potentially result in damage to buildings, roads, bridges, and property within the Project Areas in the event of an earthquake. Past experiences have resulted in minimal damage to the infrastructure and property within the Project Areas. A majority of the

property within the Project Areas has been developed in conformity with the 1988 Uniform Building Code standards. Nonetheless, the occurrence of severe seismic activity in the City could result in substantial damage to property located in the Project Areas, and could lead to successful appeals for reduction in assessed values of such property. Such a reduction could result in a decrease in Tax Revenues.

The City has undertaken measures which include building inspection and enforcement of building codes, community education and seismic assessment of new development projects.

In recent years, including 2017, areas near the City (but no areas within City limits) have experienced outbreaks of wildfires that have burned hundreds of acres at a time and destroyed thousands of homes and structures. Such wildfires have occurred in the County and in nearby counties.

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. Actual tax increment disbursements are reduced to reflect the tax collection fee charged by the County Auditor-Controller pursuant to Senate Bill 2577. The tax collection fee varies slightly from year to year. Pledged Tax Revenues do not include and are reduced by County tax collection charges. In Fiscal Year 2017-18, the County charged the Agency administrative fees of \$961,668, representing approximately 1.25% of the total gross tax increment revenues received by the Agency in Fiscal Year 2017-18 for the Project Areas. The tax collection fee charged by the County will decrease the amount of Tax Revenues from the Project Areas that are available to pay the Bonds. See the captions “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs” and “TAX REVENUES—Projected Tax Revenues.”

Changes in the Law

There can be no assurance that the State electorate will not at some future time adopt initiatives or that the State Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State in such a manner that Tax Revenues, which could have an adverse effect on the Agency’s ability to pay debt service on the Bonds.

Investment Risk

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See Appendix B for a summary of the definition of Permitted Investments. The funds and accounts of the Agency, into which a portion of the proceeds of the Bonds will be deposited and into which Tax Revenues are deposited, may be invested by the 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.

The 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 or the City were to become insolvent or declare bankruptcy. See Appendix E for information regarding the City’s finances. See also the caption “—Bankruptcy and Foreclosure.”

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. Although the Agency has committed to provide certain

financial and operating information on an annual basis, there can be no assurance that such information will be available to Bond Owners on a timely basis. See the caption “CONCLUDING INFORMATION—Continuing Disclosure” and Appendix G. Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. 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. Such prices could be substantially different from the original purchase price.

No Validation Proceeding Undertaken

Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a “validation proceeding,” for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the Bonds, Government Code Section 53511 authorizes a local agency to “bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness.” Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters herein adjudicated or which could have been adjudicated, against all persons: “The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive.”

The Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Bonds. The Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the Bonds and specifying the related deadline for any challenge to the Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5 must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the Bonds and the Oversight Board Resolution on July __, 2018.

It is possible that the definition of Tax Revenues could be affected by changes in law or judicial decisions relating to the dissolution of redevelopment agencies. The Indenture provides that if, and to the extent, that the applicable property tax revenue provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid, and in place of any such invalid provisions, then Tax Revenues will include all tax revenues allocated to the payment of indebtedness pursuant to Health & Safety Code Section 33670 or such other section as may be in effect at the time which provides for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the State Constitution. Additionally, any action by a court to invalidate provisions of the Dissolution Act required for the timely payment of principal of, and interest on, the Bonds could be subject to challenges regarding unconstitutional impairment of contracts and unconstitutional taking without just compensation. The Agency believes that the aforementioned considerations would provide some protections against the adverse consequences upon the Agency and the availability of Tax Revenues for the payment of debt service on the Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Agency provides no assurance that any other lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Agency’s ability to pay debt service on the Bonds in a timely manner.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2018A Bonds will be selected for audit

by the Internal Revenue Service. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar municipal obligations).

Loss of Tax Exemption

As discussed under the caption “TAX MATTERS,” in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the 2018A Bonds, the Agency has covenanted in the Indenture and the Tax Certificate relating to the 2018A Bonds not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the 2018A Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the 2018A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance, as a result of acts or omissions of the Agency subsequent to the issuance of the 2018A Bonds in violation of such covenants with respect to the 2018A Bonds. Should such an event of taxability occur, the 2018A Bonds are not subject to redemption by reason thereof and will remain outstanding until maturity or unless earlier redeemed pursuant to the redemption provisions of the Indenture.

Early Redemption of Premium Bonds

Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“**Premium Bonds**”) will be treated for federal tax purposes as having amortizable premium. If such Premium Bonds are redeemed prior to maturity (or, in some cases, prior to a scheduled redemption date) as described under the caption “THE BONDS—Redemption,” not all of the amortized premium may be realized by the Owner. The Premium Bonds are treated like all other Bonds for purposes of selection for redemption prior to maturity as described in this Official Statement.

Bonds Are Limited Obligations

Neither the faith and credit nor the taxing power of the Agency, the City, the State or any political subdivision thereof is pledged to the payment of the Bonds. The Bonds are special obligations of the Agency; and, except as provided in the Indenture, they are payable solely from Tax Revenues. Tax Revenues could be insufficient to pay debt service on the Bonds as a result of delinquencies in the payment of property taxes or the insufficiency of proceeds derived from the sale of land within the Agency following a delinquency in the payment of the applicable property taxes. As discussed under the caption “PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Delinquencies,” pursuant to the Teeter Plan, the County Auditor-Controller distributes 100% of tax increment revenues allocated to each redevelopment successor agency in the County without regard to delinquencies in the payment of property taxes. However, there can be no assurance that this policy will not be changed in the future. The Agency has no obligation to pay debt service on the Bonds in the event of insufficient Tax Revenues, except to the extent that money is available for such purpose in the Redevelopment Obligation Retirement Fund, the Debt Service Fund and the 2018 Reserve Account.

Limitations on Remedies

Remedies available to the Owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the tax-exempt status of the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditors’ rights, by equitable principles and by the exercise of judicial discretion. In addition, the Bonds are not subject to acceleration in the

event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the Agency, may become subject to the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equitable principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State. See the caption "—Bankruptcy and Foreclosure."

Acceleration on Default

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

TAX MATTERS

2018A Bonds

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2018A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax, although, in the case of tax years beginning prior to January 1, 2018, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest earned by a corporation prior to the end of its tax year in 2018 is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2018A Bonds. The Agency has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2018A Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2018A Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2018A Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof

subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2018A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2018A Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2018A Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2018A Bonds who purchase the 2018A Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2018A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2018A Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2018A Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2018A Bond (said term being the shorter of the 2018A Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2018A Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2018A Bond is amortized each year over the term to maturity of the 2018A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2018A Bond premium is not deductible for federal income tax purposes. Owners of premium 2018A Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2018A Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2018A Bonds is exempt from California personal income taxes.

Form of Opinion. At the time of issuance of the 2018A Bonds, Bond Counsel expects to deliver an opinion for the 2018A Bonds in substantially the form set forth in Appendix C.

2018B Bonds

Federal Tax Status. The interest on the 2018B Bonds is not intended by the Agency to be excluded from gross income for federal income tax purposes.

California Tax Status. In the opinion of Bond Counsel, interest on the 2018B Bonds is exempt from California personal income taxes.

Form of Opinion. At the time of issuance of the 2018B Bonds, Bond Counsel expects to deliver an opinion for the 2018B Bonds in substantially the form set forth in Appendix C.

Other Tax Considerations

Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, as applicable, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions, if applicable, may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has

expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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.

CONCLUDING INFORMATION

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) pursuant to a Bond Purchase Agreement, dated August __, 2018 (the “**Purchase Agreement**”), by and between the Underwriter and the Agency. The Underwriter has agreed to purchase the Bonds at a price of \$____ (being the aggregate principal amount thereof, plus/less an original issue premium/discount of \$____ and less an Underwriter’s discount of \$____). The Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

Legal Opinion

The opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, approving the validity of the Bonds and stating that interest on the 2018A Bonds is excluded from gross income for federal income tax purposes and that interest on the Bonds is exempt from California personal income taxes under present State income tax laws will be furnished to the purchaser at the time of delivery of the Bonds at the expense of the Agency. Compensation for Bond Counsel’s services is entirely contingent upon the sale and delivery of the Bonds.

A copy of the proposed form of Bond Counsel’s final approving opinion with respect to the Bonds is attached hereto as Appendix C. The legal opinion is only as to legality and is not intended to be nor is it to be interpreted or relied upon as a disclosure document or an express or implied recommendation as to the investment quality of the Bonds.

In addition, certain legal matters will be passed on for the Underwriter by Stradling Yocca Carlson & Rauth, Newport Beach, California, as Disclosure Counsel, for the Agency by the City Attorney of the City of Riverside, as counsel to the Agency, for the Underwriter by Kutak Rock LLP, Los Angeles, California, and for the Trustee by its counsel.

Litigation

There is no action, suit or proceeding known to the Agency to be pending and notice of which has been served upon and received by the Agency, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Agency taken with respect to any of the foregoing.

Rating

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), is expected to assign the Bonds the rating of "___". Such rating reflects only the views of S&P, and any desired explanation of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials that are furnished to it (which may include information and material from the City or the Agency that is not included in this Official Statement) and on investigations, studies and assumptions of its own. There is no assurance that such rating will be maintained for any given period of time or that the rating will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Continuing Disclosure

The Agency has covenanted in a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Agency by each March 31 following the end of the Agency's Fiscal Year (currently its Fiscal Year ends on June 30) (the "**Annual Report**"), commencing April 1, 2019 with the report for Fiscal Year ended June 30, 2018, and to provide notices of the occurrence of certain enumerated events.

The Annual Report and the notices of enumerated events will be filed by the Agency with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, which is maintained on the Internet at <http://emma.msrb.org/>. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events are set forth in Appendix G. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934 ("**Rule 15c2-12**").

The City and its related governmental entities – specifically those entities (such as the Prior Agency and the Agency) for whom City staff is responsible for undertaking compliance with continuing disclosure undertaking – have previously entered into numerous disclosure undertakings under Rule 15c2-12 in connection with the issuance of long-term obligations.

[UPDATE TO COME] To assist the City and its related governmental entities, including the Prior Agency and the Agency, in meeting their continuing disclosure obligations, the City retained certain corporate trust banks to act as dissemination agent. The City and its related governmental entities, including the Prior Agency and the Agency, have not, on a handful of occasions during the past five years, fully complied, in all material respects, with their disclosure undertakings under Rule 15c2-12. Specifically, in some instances an annual report or a material event notice was not filed on a timely basis and, in some instances, an annual report or a material event notice was not properly filed with the applicable information repository. The City and the Agency believe that each failure to file an annual report on a timely basis was the result of dissemination agent error; the City and the Agency or the Prior Agency had prepared compliant annual reports and submitted them to the dissemination agent on or before the applicable deadline. As discussed in the final paragraph under this caption, the City and the Agency no longer employ dissemination agents with respect to their respective continuing disclosure obligations.

In 2013, the City failed to make a filing with respect to an issue of pension obligation bond anticipation notes delivered by the City in 2012 (the "**2012 Notes**") due to a discrepancy in the continuing disclosure certificate. Though the continuing disclosure certificates for the City's pension obligation bond anticipation notes issued in prior years and issued subsequently included no requirement for an annual report to be filed, the continuing disclosure certificate related to the 2012 Notes erroneously included an annual report filing requirement. The City and its bond counsel did not identify this error at the time of issuance of the 2012 Notes, and therefore the City did not timely file an annual report until such time as the problem was identified several months following the deadline in conjunction with issuance of a subsequent issue of bond anticipation notes.

The City immediately filed the required annual report as soon as it had notice of the error in order to fully comply with the continuing disclosure certificate, although the annual reporting requirement was included in the certificate in error. The City has added a requirement to its continuing disclosure policy to review the final continuing disclosure certificate of each new bond issue at the time of closing to avoid a reoccurrence of this situation. In addition, in 2014 the City failed to timely file a material event notice within 10 business days in connection with the upgrade in rating of Assured Guaranty Municipal Corp., which insures some of the City's bond issues. The City filed such notice on the 16th business day following such event and is currently compliant with its continuing disclosure obligations.

The City and its related governmental entities, including the Agency, have made filings to correct all known instances of non-compliance during the last five years prior to the marketing of the Bonds. The City and the Agency believe that they have established internal processes, including a written continuing disclosure policy, that will ensure that the City and its related governmental entities, including the Agency, will meet all material obligations under their respective continuing disclosure undertakings. The City also now handles its and its related governmental entities', including the Prior Agency's, continuing disclosure obligations internally, and no longer uses third-party dissemination agents for such purpose. Additionally, the City has engaged a consultant to annually verify its continuing disclosure filings and identify any deficiencies, whether material or otherwise, so that any required corrective action can be taken.

Municipal Advisor

The Agency has retained CSG Advisors Incorporated, San Francisco, California (the "**Municipal Advisor**") as municipal advisor in connection with the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

Fiscal Consultant

The Agency has retained the firm of DHA Consulting, LLC, Long Beach, California to act as the Fiscal Consultant for the Agency in connection with the sale of the Bonds. As part of its duties, the Fiscal Consultant has prepared a Fiscal Consultant Report concerning the Agency and the Project Areas. The full text of the Fiscal Consultant Report is attached hereto as Appendix A.

Conflicts of Interest

Some or all of the fees of the Underwriter, Bond Counsel, Disclosure Counsel and the Municipal Advisor are contingent on the sale of the Bonds. Furthermore, from time to time, Bond Counsel and Disclosure Counsel serve as counsel to the Underwriter and other parties involved with the Bonds with respect to transactions other than the issuance of the Bonds.

Miscellaneous

All of the preceding summaries of the Indenture, the Bond Law, the Dissolution Act, the Redevelopment Law, other applicable legislation, the redevelopment plans for the Project Areas, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Agency for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Bonds. Any statements in this Official Statement which involve matters of opinion or estimates, whether or not so expressly stated, are

set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by the City Manager, as the chief administrative officer of the Agency, has been duly authorized by the Agency.

SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF RIVERSIDE

By: _____
City Manager

APPENDIX A
FISCAL CONSULTANT REPORT

APPENDIX B

SUMMARY OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust, as supplemented by the First Supplement to Indenture of Trust (as so supplemented, the “Indenture”) authorizing the Bonds that are not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the actual Indenture (copies of which may be obtained from the Trustee) for the complete terms thereof.

[TO COME FROM BOND COUNSEL]

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon issuance of the Bonds, Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[TO BE UPDATED BY BOND COUNSEL]

August __, 2018

Successor Agency to the Redevelopment
Agency of the City of Riverside
3900 Main St.
Riverside, CA 92501

OPINION: \$_____ Successor Agency to the Redevelopment Agency of the City of Riverside 2018 Tax Allocation Refunding Bonds, Series A; and \$_____ Successor Agency to the Redevelopment Agency of the City of Riverside 2018 Tax Allocation Refunding Bonds, Taxable Series B

Members of the Successor Agency:

We have acted as bond counsel in connection with the issuance by the Successor Agency to the Redevelopment Agency of the City of Riverside (the "Successor Agency"), of \$_____ Successor Agency to the Redevelopment Agency of the City of Riverside 2018 Tax Allocation Refunding Bonds, Series A (the "Series A Bonds") and of \$_____ Successor Agency to the Redevelopment Agency of the City of Riverside 2018 Tax Allocation Refunding Bonds, Taxable Series B (the "Series B Bonds" and, together with the Series A Bonds, the "Bonds"), pursuant to the Community Redevelopment Law, constituting Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code of the State of California (the "Law"), Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (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"). The Series A Bonds are being issued pursuant to an Indenture of Trust, dated as of October 1, 2014 (the "Master Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"). The Series B Bonds are being issued pursuant to the Master Indenture as supplemented by a First Supplement to Indenture of Trust, dated as of October 1, 2014, by and between the Successor Agency and the Trustee (the "First Supplement"; together with the Master Indenture, the "Indenture"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Successor Agency contained in the Indenture, and in certified proceedings and other certifications of public officials furnished to us, without undertaking to verify such facts by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Successor Agency is duly created and validly existing as a public entity, with the power to enter into the Indenture, perform the agreements on its part contained therein, and issue the Bonds.

2. The Indenture has been duly approved by the Successor Agency, and constitutes a valid and binding obligation of the Successor Agency, enforceable against the Successor Agency in accordance with its terms.

3. Pursuant to the Law, the Dissolution Act and the Refunding Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds, subject to no prior lien granted under the Law, the Dissolution Act and the Refunding Law, except to the extent described in the Indenture.

4. The Bonds have been duly authorized, executed and delivered by the Successor Agency, and are valid and binding special obligations of the Successor Agency, payable solely from the sources provided therefor in the Indenture.

5. The interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions set forth in the preceding sentence are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Series A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series A Bonds.

6. The interest on the Series B Bonds is not intended to be excluded from gross income for federal income tax purposes.

7. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds, and the enforceability of the Bonds and the Indenture, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, and may also be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC and the Agency takes no responsibility for the completeness or accuracy thereof. The Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of 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 Appendix. 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, 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.

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 Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed 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 a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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 Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest 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 Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

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

APPENDIX E

**COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR
FISCAL YEAR ENDED JUNE 30, 2017**

APPENDIX F

SUPPLEMENTAL INFORMATION—THE CITY OF RIVERSIDE

The following information relating to the City of Riverside and the County of Riverside, California is supplied solely for purposes of information. Neither the City nor the County is obligated in any manner to pay principal of or interest on the Bonds or to cure any delinquency or default on the Bonds. The Bonds are payable solely from the sources described in the Official Statement.

General Description and Background

Incorporated on October 11, 1883, the City of Riverside (the “**City**”) is a charter city that functions under a Council/Manager form of government. A five-member City Council, including the Mayor, is elected at large. The City Manager is appointed by the City Council.

The County of Riverside (the “**County**”), which encompasses 7,303 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.

Population

The following table sets forth the City, the County and the State of California population estimates as of January 1 for the calendar years 2014 to 2018.

CITY OF RIVERSIDE, COUNTY OF RIVERSIDE AND STATE OF CALIFORNIA Population

<i>Area</i>	<i>Calendar Year</i>				
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>
City of Riverside	315,129	317,890	320,226	323,190	325,860
County of Riverside	2,291,262	2,317,895	2,346,717	2,382,640	2,415,955
State of California	38,568,628	38,912,464	39,179,627	39,500,973	39,809,693

Source: State of California, Department of Finance *E-4 Population Estimates for Cities, Counties and State, 2011-2018, with 2010 Benchmark*, Sacramento, California, May 2018.

Commerce

The table below shows the number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions within the City for the calendar years 2012 to 2016, the latest date for which such information is available.

CITY OF RIVERSIDE
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in thousands)

	<i>Retail Stores</i>		<i>Total All Outlets</i>	
	<i>Number of Permits</i>	<i>Taxable Transactions</i>	<i>Number of Permits</i>	<i>Taxable Transactions</i>
2012	6,196	\$3,348,220	8,484	\$4,238,975
2013	5,436	3,580,926	7,673	4,612,948
2014	5,782	3,893,497	8,051	5,072,694
2015	6,471	4,028,227	9,466	5,371,363
2016	6,592	4,091,743	9,735	5,507,804

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

Employment and Industry

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

The following table represents the Annual Average Labor Force and Industry Employment for the MSA for the calendar years 2013 to 2017:

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA
Industry Employment and Labor Force – Annual Average

	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Civilian Labor Force	1,893,100	1,921,000	1,956,900	1,984,900	2,022,100
Civilian Employment	1,706,800	1,765,300	1,828,200	1,866,600	1,918,600
Civilian Unemployment	186,300	155,700	128,600	118,300	103,600
Civilian Unemployment Rate	9.8%	8.1%	6.6%	6.0%	5.1%
 Total Farm	 14,500	 14,400	 14,800	 14,600	 14,400
Total Nonfarm	1,233,300	1,289,300	1,353,100	1,401,900	1,451,600
Total Private	1,008,100	1,060,500	1,119,900	1,159,600	1,201,600
Goods Producing	158,600	170,200	183,000	191,500	196,600
Mining & Logging	1,200	1,300	1,300	900	900
Construction	70,000	77,600	85,700	92,000	97,000
Manufacturing	87,300	91,300	96,100	98,600	98,700
Service Providing	1,074,700	1,119,100	1,170,100	1,210,500	1,255,000
Trade, Transportation & Utilities	299,700	314,900	333,200	348,100	366,000
Wholesale Trade	56,400	58,900	61,600	62,800	63,700
Retail Trade	164,800	169,400	174,300	178,000	182,100
Transportation, Warehousing & Utilities	78,500	86,600	97,400	107,300	120,200
Information	11,500	11,300	11,400	11,500	11,300
Financial Activities	41,800	42,900	43,900	44,600	44,500
Professional & Business Services	131,900	138,700	147,400	145,000	147,200
Educational & Health Services	187,600	194,800	205,100	214,300	224,800
Leisure & Hospitality	135,900	144,800	151,700	160,200	165,700
Other Services	41,100	43,000	44,000	44,600	45,600
Government	<u>225,200</u>	<u>228,800</u>	<u>233,300</u>	<u>242,300</u>	<u>250,000</u>
Total, All Industries	<u>1,247,800</u>	<u>1,303,700</u>	<u>1,367,900</u>	<u>1,416,600</u>	<u>1,466,000</u>

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix C.

Source: State of California, Employment Development Department, *Riverside San Bernardino Ontario MSA Industry Employment & Labor Force – by Annual Average, March 2017 Benchmark*.

The following table summarizes the labor force, employment and unemployment figures for the calendar years 2013 to 2017 for the City, the County, the State and the nation as a whole.

**CITY OF RIVERSIDE, COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment**

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment⁽¹⁾</i>	<i>Unemployment⁽²⁾</i>	<i>Unemployment Rate (%)⁽³⁾</i>
2013				
City of Riverside	142,000	128,500	13,400	9.5%
Riverside County	996,400	897,700	98,700	9.9
California	18,625,000	16,958,400	1,666,600	8.9
United States ⁽⁴⁾	155,389,000	143,929,000	11,460,000	7.4
2014				
City of Riverside	144,500	133,100	11,300	7.8%
Riverside County	1,013,500	930,400	83,100	8.2
California	18,758,400	17,351,300	1,407,100	7.5
United States ⁽⁴⁾	155,922,000	146,305,000	9,617,000	6.2
2015				
City of Riverside	147,800	138,400	9,400	6.4%
Riverside County	1,035,700	966,300	69,400	6.7
California	18,896,500	17,724,800	1,171,700	6.2
United States ⁽⁴⁾	157,130,000	148,834,000	8,296,000	5.3
2016				
City of Riverside	150,100	141,400	8,700	5.8%
Riverside County	1,052,600	988,200	64,500	6.1
California	19,093,700	18,048,800	1,044,800	5.5
United States ⁽⁴⁾	159,187,000	151,436,000	7,751,000	4.9
2017				
City of Riverside	152,000	144,200	7,700	5.1%
Riverside County	1,072,500	1,016,200	56,300	5.2
California	19,312,000	18,393,100	918,900	4.8
United States ⁽⁴⁾	160,320,000	153,337,000	6,982,000	4.4

⁽¹⁾ Includes persons involved in labor-management trade disputes.

⁽²⁾ Includes all persons without jobs who are actively seeking work.

⁽³⁾ The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

⁽⁴⁾ Not strictly comparable with data for prior years.

Source: California Employment Development Department, March 2017 Benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

Major Employers

The following table lists the largest employers within the City as of June 30, 2017.

CITY OF RIVERSIDE Largest Employers

Name	Employees	Type of business or entity
County of Riverside	11,865	Public Administration
University of California Riverside	8,686	Services: Educational
Riverside Unified School District	4,000	Services: Educational
Kaiser Permanente Riverside Medical Center	3,484	Services: Health
City of Riverside	2,429	Public Administration
California Baptist University	2,285	Services: Educational
Riverside Community Hospital	2,200	Services: Health
Alvord Unified School District	1,800	Services: Educational
UTC Aerospace Systems	1,200	Aerospace Manufacturer
Parkview Community Hospital	897	Services: Health

Source: City of Riverside, *Comprehensive Annual Financial Report, Year Ended June 30, 2017*.

Construction Activity

The following is a summary of the valuation of building permits issued in the City for the calendar years 2013 to 2017, the latest date for which such information is available.

CITY OF RIVERSIDE Building Permit Valuations

	2013	2014	2015	2016	2017
Valuation (\$000):					
Residential	\$30,646	\$80,367	\$89,166	\$80,222	\$120,079
Non-residential	<u>115,561</u>	<u>70,046</u>	<u>124,254</u>	<u>148,266</u>	<u>162,197</u>
Total*	\$146,207	\$150,413	\$213,420	\$228,488	\$282,276
Residential Units:					
Single family	70	230	222	219	172
Multiple family	<u>51</u>	<u>85</u>	<u>224</u>	<u>254</u>	<u>535</u>
Total	121	315	446	473	707

Note: Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

Personal Income

The following tables summarize personal income for the County for the calendar years 2008 to 2016, the latest date for which such information is available.

COUNTY OF RIVERSIDE Personal Income (Dollars in Thousands)

<i>Year</i>	<i>Personal Income</i>	<i>Annual Percent Change</i>
2008	\$67,367,683	1.5%
2009	65,359,484	(3.0)
2010	66,904,690	2.4
2011	71,213,948	6.4
2012	73,158,724	2.7
2013	75,223,346	2.8
2014	79,066,137	5.1
2015	84,429,454	6.7
2016	87,827,068	4.0

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

The following table summarizes per capita personal income for the County, California and the United States for the calendar years 2007 to 2016, the latest date for which such information is available. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AND THE UNITED STATES Per Capita Personal Income

<i>Year</i>	<i>County of Riverside</i>	<i>State of California</i>	<i>United States</i>
2007	\$31,972	\$43,692	\$39,821
2008	31,932	44,162	41,082
2009	30,446	42,224	39,376
2010	30,380	43,323	40,278
2011	31,847	45,854	42,463
2012	32,301	48,359	44,283
2013	32,828	48,555	44,489
2014	34,044	51,317	46,486
2015	35,883	54,664	48,429
2016	36,782	56,308	49,204

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

Education

The City is included within the boundaries of the Riverside Unified School District and the Alvord Unified School District, which also serves the County area southwest of the City. These two districts include 61 elementary and middle schools and high schools. There are also about 48 private or parochial schools for kindergarten through twelfth grade. Higher education is available at four institutions: Riverside Community College, University of California at Riverside, California Baptist University and La Sierra University at Riverside. Also located in the City are the California School for the Deaf and the Sherman Institute, a federally-run school for Indians.

Transportation

The City is served by a variety of land and air transportation facilities. Light rail commuter service is provided by Metrolink to Los Angeles and Orange Counties. Interstate bus service is available via Greyhound, and local bus service is provided by the Riverside Transit Agency. Most major trucking firms serve the City in addition to numerous local carriers. Overnight delivery can be scheduled to San Francisco, Los Angeles, San Diego and Sacramento.

Freight rail service to the City is provided by two major transcontinental railroads: the Santa Fe and Union Pacific. Amtrak-operated passenger train service is available at San Bernardino, approximately 15 miles north of the City.

Scheduled air transportation is available from the Ontario International Airport, approximately 18 miles to the west. The City-operated Riverside Municipal Airport is a general aviation facility.

The City is served by the Riverside Freeway (State Route 91), which provides access to Orange County, Interstate 215, which connects the City to San Diego, San Bernardino and points beyond and the Pomona Freeway (U.S. Highway 60), an east-west route.

To support transportation improvements, in November 1988, County voters approved Measure A, a one-half cent sales tax increase. Measure A was to expire in 2009, but in 2002, County voters approved extending Measure A until 2039. Measure A is expected to generate \$4.6 billion between 2009 and 2039. In 1990, voters of the adjacent San Bernardino County approved a similar program, and that sales tax was similarly increased by a vote of the electorate in November 2003.

APPENDIX G

FORM OF 2018A CONTINUING DISCLOSURE CERTIFICATE

Upon the issuance of the Bonds, the Agency proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

\$ _____
**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
2018 TAX ALLOCATION REFUNDING BONDS, SERIES A**

\$ _____
**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
2018 TAX ALLOCATION REFUNDING BONDS, TAXABLE SERIES B**

This CONTINUING DISCLOSURE CERTIFICATE (this “**Disclosure Certificate**”) is executed and delivered by the Successor Agency to the Redevelopment Agency of the City of Riverside (the “**Successor Agency**”) in connection with the execution and delivery of the Successor Agency’s \$ _____ 2018 Tax Allocation Refunding Bonds, Series A (the “**2018A Bonds**”) and \$ _____ 2018 Tax Allocation Refunding Bonds, Taxable Series B (the “**2018B Bonds**” and, together with the 2018A Bonds, the “**Bonds**”).

The 2018A Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of October 1, 2014 (the “**Original Indenture**”), by and between the Successor Agency and U.S. Bank National Association, as trustee (the “**Trustee**”), as supplemented by a Second Supplement to Indenture of Trust, dated as of August 1, 2018 (the “**Second Supplement**”), by and between the Successor Agency and the Trustee.

The 2018B Bonds are being executed and delivered pursuant to the Original Indenture, as supplemented by a Third Supplement to Indenture of Trust, dated as of August 1, 2018 (the “**Third Supplement**”), by and between the Successor Agency and the Trustee. The Original Indenture, as supplemented by the Second Supplement and the Third Supplement, is referred to herein as the “**Indenture**.”

The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

“*Annual Report*” means any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means each March 31 after the end of the Successor Agency’s fiscal year.

“*Dissemination Agent*” means the Successor Agency, or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the Successor Agency in connection with the issuance of the Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2019 with the report for the 2017-18 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate; provided, however, that delivery of the Official Statement for the Bonds may constitute the annual report for 2017-18 fiscal year. Not later than 15 Business Days prior to the Annual Report Date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Successor Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Successor Agency’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Successor Agency shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Successor Agency hereunder.

(b) If the Successor Agency does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Successor Agency shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

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

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The Successor Agency’s audited financial statements 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 the Successor Agency's audited financial statements are not available by the Annual Report Date, the Successor Agency shall provide notice to the MSRB of such fact in a timely manner, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be 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 Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) Principal amount of Bonds outstanding.

(ii) Description of issuance by the Successor Agency of any debt payable from or secured by a pledge of Tax Revenues in the Project Areas (as defined in the Official Statement) in the most recently completed fiscal year (including details as to date, amount, term, rating, insurance).

(iii) The assessed value of property in each Project Area for the most recently completed fiscal year in the form of Table 1 in the Official Statement.

(iv) The ten largest local secured property taxpayers in the Project Areas in substantially the form of Table 3 to the Official Statement.

(v) The coverage ratio provided by Tax Revenues in each Project Area with respect to debt service on the Bonds and any Parity Bonds for the most recently completed fiscal year only, in substantially the form of Table 7 in the Official Statement, without any requirement to update any projected Tax Revenues set forth in Table 7.

(vi) In the event that during the most recently completed fiscal year the County of Riverside eliminates its policy pursuant to which the County Auditor-Controller distributes 100% of tax increment revenues allocated to each redevelopment successor agency in the County without regard to delinquencies in the payment of property taxes, notice thereof.

(c) In addition to any of the information that is expressly required to be provided under this Disclosure Certificate, the Successor Agency shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

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

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
 - (5) Substitution of credit or liquidity providers, or their failure to perform.
 - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
 - (7) Modifications to rights of security holders, if material.
 - (8) Bond calls, if material, and tender offers.
 - (9) Defeasances.
 - (10) Release, substitution, or sale of property securing repayment of the securities, if material.
 - (11) Rating changes.
 - (12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.
 - (13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or an 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, if material.
 - (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (b) Whenever the Successor Agency obtains knowledge of the occurrence of a Listed Event, the Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.
- (c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the Successor Agency obtains knowledge of the occurrence of any of these Listed Events, the Successor Agency will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Successor Agency will cause a notice to be filed as set forth in paragraph (b) above.
- (d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Successor Agency in a proceeding under the United States 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 Successor Agency, or if such jurisdiction has been assumed by leaving the existing governing 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 Successor Agency.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

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

Section 8. Dissemination Agent. The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Successor Agency. Any Dissemination Agent may resign by providing 30 days' written notice to the Successor Agency.

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

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or 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 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 either: (i) is approved by holders of the 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 the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Successor Agency fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Bond holders or any other party. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: August __, 2018

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY
OF RIVERSIDE

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:

[__],

as Dissemination Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Successor Agency to the Redevelopment Agency of the City of Riverside

Name of Issue: Successor Agency to the Redevelopment Agency of the City Of Riverside 2018 Tax Allocation Refunding Bonds, Series A; and Successor Agency to the Redevelopment Agency of the City Of Riverside 2018 Tax Allocation Refunding Bonds, Taxable Series B

Date of Issuance: August __, 2018

NOTICE IS HEREBY GIVEN that the Successor Agency has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture of Trust, dated as of October 1, 2014, by and between the Successor Agency and U.S. Bank National Association, as trustee, as supplemented by a Second Supplement to Indenture of Trust and a Third Supplement to Indenture of Trust, each dated as of August 1, 2018. The Successor Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

By: _____
Its: _____