NEW ISSUE—BOOK-ENTRY ONLY **Rating: S&P "AA-"**
See the caption "CONCLUDING INFORMATION—Ratings"

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 2014A 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 and corporations; provided, however, that for the purposes of computing the alternative minimum tax imposed on certain corporations such interest is required to be taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxation. See the caption "TAX MATTERS."

$61,250,000
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
2014 SUBORDINATE TAX ALLOCATION REFUNDING BONDS, SERIES A

$1,730,000
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
2014 SUBORDINATE 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 2014 Subordinate Tax Allocation Refunding Bonds, Series A (the "2014A Bonds") and the Successor Agency to the Redevelopment Agency of the City of Riverside 2014 Subordinate Tax Allocation Refunding Bonds, Taxable Series B (the "2014B Bonds" and, together with the 2014A 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, 2015) 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 Bonds are being issued pursuant to the Indenture of Trust, dated as of October 1, 2014 (as supplemented by the First Supplement to Indenture of Trust, dated as of October 1, 2014, the "Indenture"), 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 $75,050,000, as described under the caption "REFUNDING PLAN;" (ii) to purchase a Municipal Bond Debt Service Reserve Insurance Policy from Build America Mutual Assurance Company for deposit in the Reserve Account; and (iii) to pay certain costs of issuance of the Bonds.

The 2014A Bonds are subject to optional redemption prior to maturity. The 2014B Bonds are not subject to optional redemption prior to maturity. See 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 bonds currently outstanding in the aggregate principal amount of $139,975,000 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, for the Underwriter by its counsel, Stradling, Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, 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 October 16, 2014.

STIFEL

Dated: September 24, 2014

MATURITY SCHEDULE

Base CUSIP† 76904R

$61,250,000
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
2014 SUBORDINATE TAX ALLOCATION REFUNDING BONDS, SERIES A

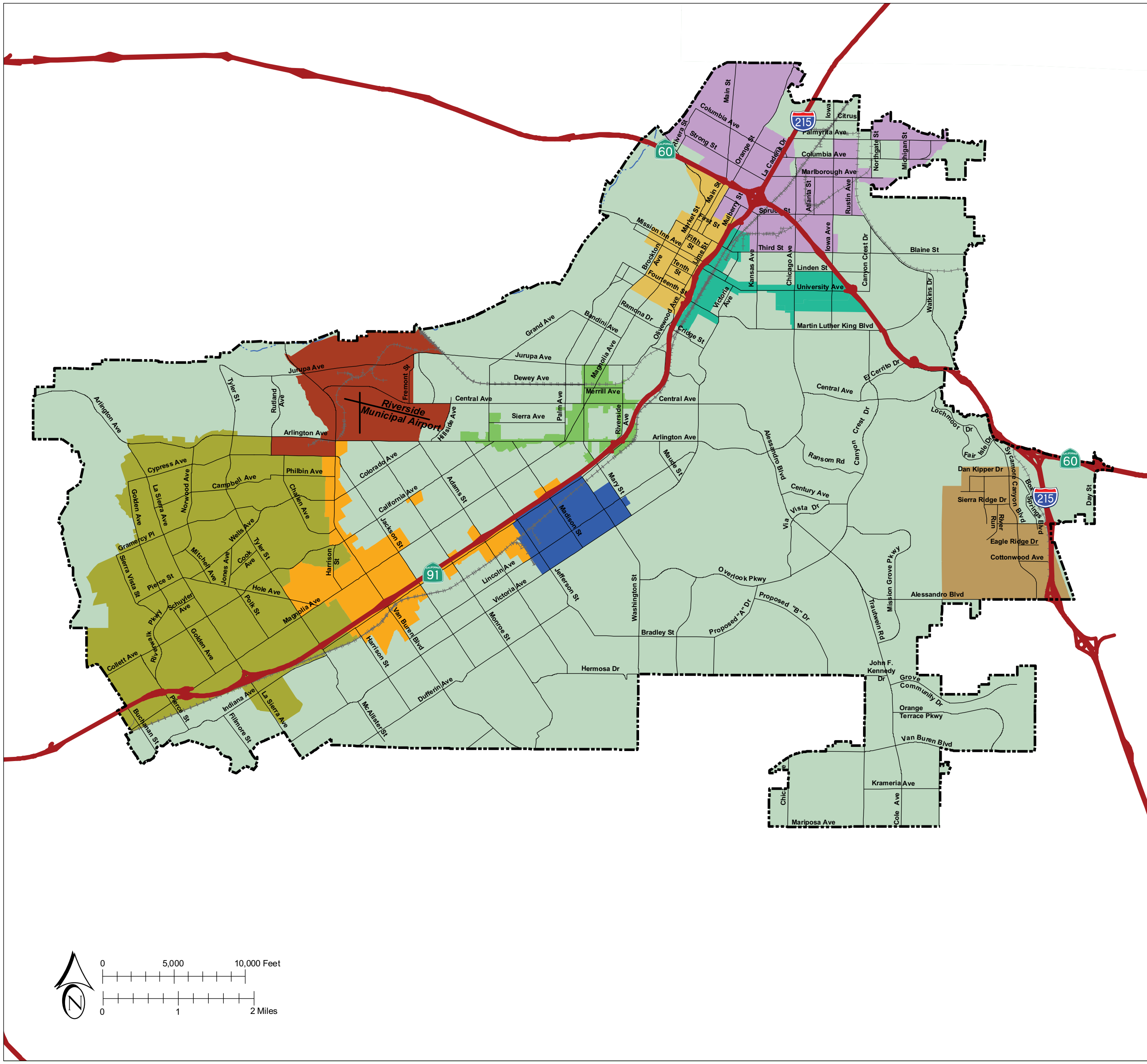
Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2015	$3,970,000	2.000%	0.200%	101.572	AA5
2016	3,690,000	3.000	0.420	104.813	AB3
2017	3,795,000	4.000	0.670	109.465	AC1
2018	3,960,000	5.000	0.970	115.288	AD9
2019	4,160,000	5.000	1.290	117.473	AE7
2020	4,515,000	5.000	1.660	118.620	AF4
2021	4,745,000	5.000	1.960	119.461	AG2
2022	4,390,000	5.000	2.260	119.662	AH0
2023	4,600,000	5.000	2.480	119.961	AJ6
2024	4,535,000	5.000	2.610	120.683	AK3
2025	4,080,000	5.000	2.740	119.434(c)	AL1
2026	3,115,000	5.000	2.870	118.199(c)	AM9
2027	1,695,000	5.000	3.000	116.980(c)	AN7
2027	1,000,000	3.500	3.000	104.243(c)	BG1
2028	1,605,000	5.000	3.130	115.776(c)	AP2
2029	1,615,000	5.000	3.200	115.133(c)	AQ0
2030	1,695,000	5.000	3.270	114.495(c)	AR8
2031	1,045,000	5.000	3.330	113.952(c)	AS6
2032	1,095,000	5.000	3.390	113.411(c)	AT4
2033	1,155,000	5.000	3.440	112.963(c)	AU1
2034	790,000	5.000	3.490	112.517(c)	AV9

$1,730,000
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
2014 SUBORDINATE TAX ALLOCATION REFUNDING BONDS, TAXABLE SERIES B

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2015	$165,000	0.600%	0.600%	100.000	AW7
2016	160,000	0.950	0.950	100.000	AX5
2017	160,000	1.600	1.600	100.000	AY3
2018	165,000	2.150	2.150	100.000	AZ0
2019	170,000	2.650	2.650	100.000	BA4
2020	170,000	2.950	2.950	100.000	BB2
2021	175,000	3.350	3.350	100.000	BC0
2022	180,000	3.550	3.550	100.000	BD8
2023	190,000	3.800	3.800	100.000	BE6
2024	195,000	4.000	4.000	100.000	BF3

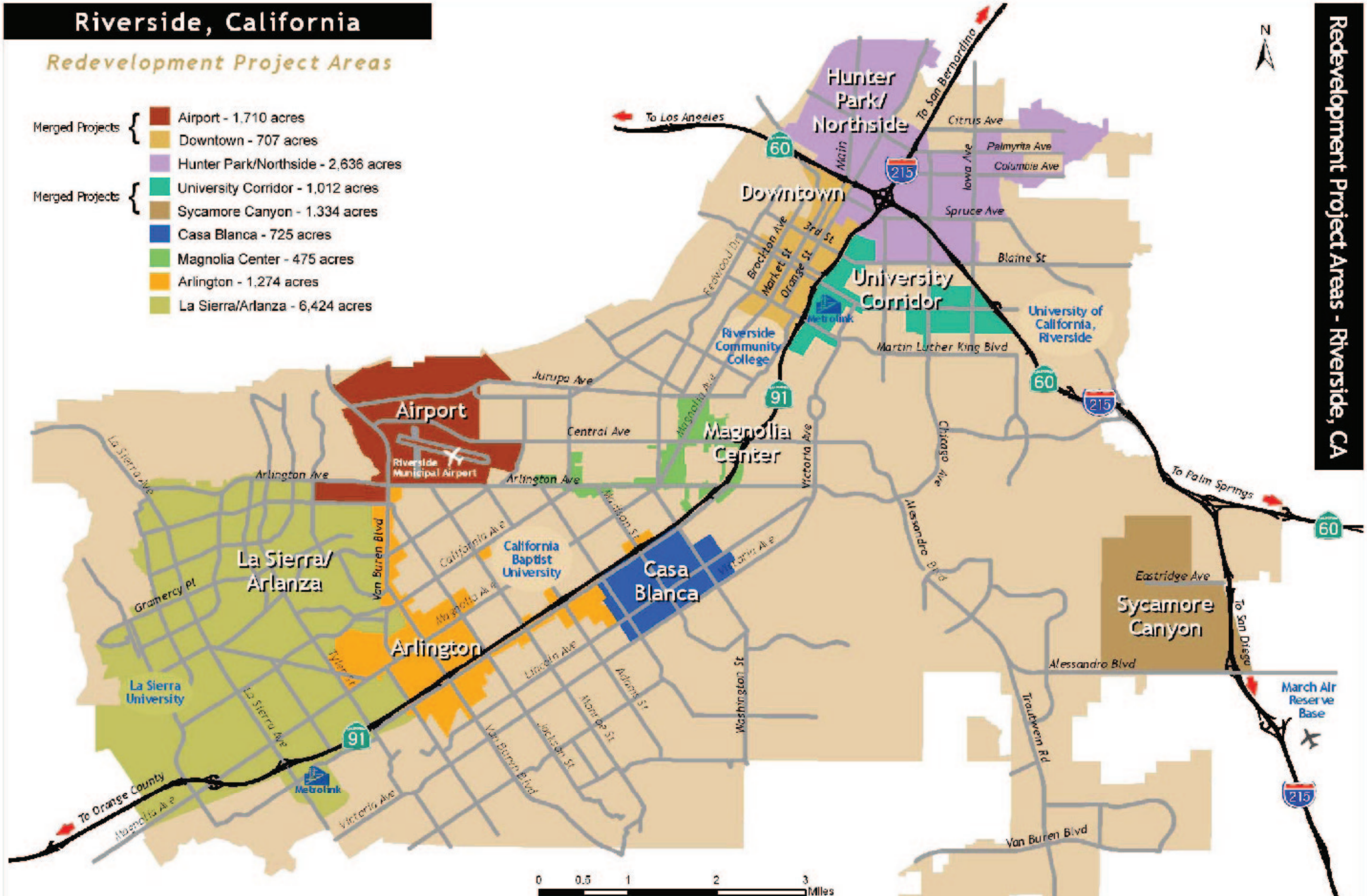
(c) Priced to first optional redemption date of September 1, 2024 at par.

REDEVELOPMENT AREAS



LEGEND

- ARLINGTON PROJECT AREA
- CASA BLANCA PROJECT AREA
- DOWNTOWN PROJECT AREA
- HUNTER PARK/NORTHSIDE PROJECT AREA
- MAGNOLIA CENTER PROJECT AREA
- LA SIERRA/ARLANZA PROJECT AREA
- RIVERSIDE AIRPORT PROJECT AREA
- SYCAMORE CANYON PROJECT AREA
- UNIVERSITY CORRIDOR PROJECT AREA
- RIVERSIDE CITY BOUNDARY
- RIVERSIDE PROPOSED SPHERE OF INFLUENCE



City of Riverside Development Department * 1-877-RIV-SIDE * fax 951-826-5744
www.RiversideCA.gov * 3900 Main Street, 5th Floor * Riverside, CA 92522

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
Paul Davis
Chris MacArthur
James Perry
Steve Adams

AGENCY STAFF

Scott C. Barber, *City Manager*[*]
Deanna Lorson, *Assistant City Manager*
Belinda J. Graham, *Assistant City Manager*
Brent A. Mason, *Finance Director*
Cristina Talley, *Interim City Attorney*
Colleen J. Nicol, *City Clerk*
L. Scott Catlett, *Assistant Finance Director*

SPECIAL SERVICES

Bond Counsel

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

Trustee

U.S. Bank National Association
Los Angeles, California

Financial Advisor

CSG Advisors Incorporated
San Francisco, California

Fiscal Consultant

DHA Consulting, LLC
Long Beach, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

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[*] *On September 10, 2014, Mr. Barber announced his intention to retire in December 2014. The City has not yet determined the process or timing by which a successor City Manager will be selected.*

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 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 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 Private Securities Litigation Reform Act of 1995. 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 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 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. 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.

Build America Mutual Assurance Company (the "Surety Provider") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Surety Provider has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Surety Provider, supplied by Surety Provider and presented under the caption "SECURITY FOR THE BONDS—Deposit of Amounts by the Trustee—Reserve Account—The Surety Provider."

TABLE OF CONTENTS

Page

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$61,250,000	$1,730,000
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE 2014 SUBORDINATE TAX ALLOCATION REFUNDING BONDS, SERIES A	**SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE 2014 SUBORDINATE 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 $61,250,000 2014 Subordinate Tax Allocation Refunding Bonds, Series A (the "2014A Bonds") and $1,730,000 2014 Subordinate Tax Allocation Refunding Bonds, Taxable Series B (the "2014B Bonds" and, together with the 2014A Bonds, the "Bonds").

Authority and Purpose

The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including 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 (as supplemented by the First Supplement to Indenture of Trust, dated as of October 1, 2014, the "Indenture"), by and between the Agency and U.S. Bank National Association, as trustee (the "Trustee"). See the caption "THE BONDS—Authority for Issuance."

The 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 $75,050,000, as described under the caption "REFUNDING PLAN;" (ii) to purchase a Municipal Bond Debt Service Reserve Insurance Policy (the "Reserve Surety") from Build America Mutual Assurance Company (the "Surety Provider") for deposit in the Reserve Account; and (iii) to pay certain costs of issuance of the Bonds. See the caption "SOURCES AND USES OF FUNDS."

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 bonds currently outstanding in the aggregate principal amount of $139,975,000 and certain other ongoing obligations of the Agency (collectively, the "Senior Obligations"), as more fully described under the caption "SECURITY FOR THE BONDS—Senior 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 314,034. The City is located approximately 60 miles east of downtown Los Angeles, in the western portion of the County of Riverside (the "County"), adjacent to Orange and San Bernardino Counties. See Appendix G for further information with respect to the City.

The Prior Agency was established pursuant to the Community Redevelopment Law (Part 1, Division 24, commencing with Section 33000 of the Health & Safety Code of the State) (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 the authority and responsibility of 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 (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. Subdivision (g) of Section 34173 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 and that the liabilities of the Prior Agency will not be transferred to the City, nor will the assets of the Prior Agency become assets of the City.

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 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.

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 of Riverside 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 described under the caption "SECURITY FOR THE BONDS—Senior Obligations": (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 "SECURITY FOR THE BONDS—Tax Increment Financing."

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 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 on August 20, and to deposit such amount in the Redevelopment Property Tax Trust Fund pursuant to the Dissolution Act. Section 34177.5(g) of the Dissolution Act provides that any bonds 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 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 established pursuant to the Dissolution Act. See Appendix B and the caption "SECURITY FOR THE BONDS—Recognized Obligation Payment Schedule."

The Dissolution Act further provides that bonds authorized to be issued by the Agency 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, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Bonds, are taxes allocated to the Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law, as described in the foregoing paragraph.

In accordance with the Dissolution Act, the Bonds and Parity Debt are payable from and secured by, and Tax Revenues include, moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund. 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 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.

The Agency has no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption "RISK FACTORS."

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 Reserve Account for the Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement of $5,519,141.19. The Surety Provider has committed to issue, simultaneously with the issuance of the Bonds, the Reserve Surety in the principal amount of the Reserve Requirement for deposit in the Reserve Account. 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 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") on October 27, 2014 (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.

Name of Issuance	*Outstanding Principal Amount*
Redevelopment Agency of the City of Riverside Tax Allocation Bonds, 1999 Series A (Casa Blanca Redevelopment Project) (the "1999A Casa Blanca Bonds")	$11,470,000
Redevelopment Agency of the City of Riverside Tax Allocation Bonds, 1999 Series A (University Corridor/Sycamore Canyon Merged Redevelopment Project) (the "1999A University Corridor/Sycamore Canyon Bonds")	10,820,000
Redevelopment Agency of the City of Riverside Subordinate Tax Allocation Bonds 1999 Series B (University Corridor/Sycamore Canyon Merged Redevelopment Project) (the "1999B Bonds")	3,950,000
Redevelopment Agency of the City of Riverside Merged Project Tax Allocation and Refunding Bonds, Series 2003 (the "2003 Bonds")	25,165,000
Redevelopment Agency of the City of Riverside Arlington Redevelopment Project 2004 Tax Allocation Bonds, Series A (Tax-Exempt) (the "2004A Bonds")	4,130,000
Redevelopment Agency of the City of Riverside Arlington Redevelopment Project 2004 Tax Allocation Bonds, Series B (Taxable) (the "2004B Bonds")	1,870,000
Redevelopment Agency of the City of Riverside Housing Set-Aside Tax Allocation Bonds, 2004 Series A (the "2004A Housing Bonds")	17,645,000

Under an Escrow Deposit and Trust Agreement, dated as of October 1, 2014 (the "Escrow Agreement"), by and between 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 applicable escrow fund established under the Escrow Agreement (each, an "Escrow Fund" and collectively, the "Escrow Funds"). 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 applicable series of the Refunded Bonds on the Redemption Date.

Sufficiency of the deposits in the Escrow Funds for such purposes will be verified by Grant Thornton LLP, Minneapolis, Minnesota (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 applicable series of 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 each Escrow Fund are pledged solely to the redemption of the applicable series of outstanding Refunded Bonds. Neither the moneys deposited in the Escrow Funds 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 Escrow Funds 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:

	2014A Bonds	2014B Bonds	Total
Sources[1]:			
Principal Amount of Bonds	$ 61,250,000	$ 1,730,000	$ 62,980,000
Plus Other Moneys[2]	4,163,320	192,439	4,355,759
Plus Original Issue Premium	9,389,542	-	9,389,542
Total Sources:	**$ 74,802,862**	**$ 1,922,439**	**$ 76,725,301**
Uses[1]**:**			
Tax-Exempt Refunded Bonds Escrow Fund	$ 74,017,853	$ -	$ 74,017,853
Taxable Refunded Bonds Escrow Fund	-	1,894,570	1,894,570
Costs of Issuance Fund[3]	785,009	27,869	812,878
Total Uses:	**$ 74,802,862**	**$ 1,922,439**	**$ 76,725,301**

(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, Financial 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 July 8, 2014 (the "Resolution"), and by the Oversight Board of the Agency pursuant to a resolution adopted on July 10, 2014 (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 July 10, 2014, and the DOF requested a review within five business days of such written notice. On September 3, 2014, which is within the time period allotted under the Dissolution Act for the DOF to review the Oversight Board's approving resolution, 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. A copy of the DOF's letter is set forth in Appendix F.

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, 2015 (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

2014A Bonds. The 2014A Bonds maturing on or before September 1, 2024 are not subject to optional redemption prior to maturity. The 2014A Bonds maturing on and after September 1, 2025 are subject to redemption, at the option of the Agency on any date on or after September 1, 2024, as a whole or in part, by such maturities as are 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 2014A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Agency is required to give the Trustee written notice of its intention to redeem Bonds under the Indenture with a designation of the principal amount and maturities to be redeemed at least 60 days prior to the date fixed for such redemption (or such later date as is acceptable to the Trustee.

2014B Bonds. The 2014B Bonds are not subject to optional redemption prior to maturity.

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 Bonds, payments on other Senior Obligations and debt service on the Bonds.

Year (Amount Payable as of September 1)	Senior Obligations[(1)]	2014A Bonds Principal	2014A Bonds Interest	2014A Bonds Debt Service	2014B Bonds Principal	2014B Bonds Interest	2014B Bonds Debt Service	Total Debt Service
2015	$ 12,214,776	$ 3,970,000	$ 2,464,569	$ 6,434,569	$ 165,000	$ 39,734	$ 204,734	$ 18,854,078
2016	13,324,909	3,690,000	2,737,250	6,427,250	160,000	44,420	204,420	19,956,579
2017	13,849,554	3,795,000	2,626,550	6,421,550	160,000	42,900	202,900	20,474,004
2018	11,769,820	3,960,000	2,474,750	6,434,750	165,000	40,340	205,340	18,409,910
2019	10,207,393	4,160,000	2,276,750	6,436,750	170,000	36,792	206,792	16,850,935
2020	10,500,407	4,515,000	2,068,750	6,583,750	170,000	32,287	202,287	17,286,445
2021	10,512,573	4,745,000	1,843,000	6,588,000	175,000	27,272	202,272	17,302,846
2022	11,022,118	4,390,000	1,605,750	5,995,750	180,000	21,410	201,410	17,219,278
2023	10,803,969	4,600,000	1,386,250	5,986,250	190,000	15,020	205,020	16,995,239
2024	10,998,543	4,535,000	1,156,250	5,691,250	195,000	7,800	202,800	16,892,593
2025	11,456,267	4,080,000	929,500	5,009,500	-	-	-	16,465,767
2026	12,423,907	3,115,000	725,500	3,840,500	-	-	-	16,264,407
2027	11,539,491	2,695,000	569,750	3,264,750	-	-	-	14,804,241
2028	12,807,492	1,605,000	450,000	2,055,000	-	-	-	14,862,492
2029	11,976,392	1,615,000	369,750	1,984,750	-	-	-	13,961,142
2030	10,106,616	1,695,000	289,000	1,984,000	-	-	-	12,090,616
2031	9,699,853	1,045,000	204,250	1,249,250	-	-	-	10,949,103
2032	9,572,677	1,095,000	152,000	1,247,000	-	-	-	10,819,677
2033	9,576,813	1,155,000	97,250	1,252,250	-	-	-	10,829,063
2034	9,627,125	790,000	39,500	829,500	-	-	-	10,456,625
2035	10,040,938	-	-	-	-	-	-	10,040,938
2036	9,074,031	-	-	-	-	-	-	9,074,031
2037	7,113,375	-	-	-	-	-	-	7,113,375
Total	$250,219,036	$ 61,250,000	$ 24,466,369	$ 85,716,369	$ 1,730,000	$ 307,976	$ 2,037,976	$337,973,381

(1) Reflects debt service on Senior Bonds and payments on other Senior Obligations only. Does not reflect payments under Senior Obligation Pass-Through Agreements. See the caption "SECURITY FOR THE BONDS—Senior 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 subdivision (b) of Section 16 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 on August 20, 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 subdivision (b) of Section 33670 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 are 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 shall be allocated to, and when collected shall be paid into, the fund of that taxing agency (as discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIIIA 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 CALIFONIA—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 six-month period 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 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 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 Successor 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 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 below, 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.

Tax Revenues derived from one Project Area and deposited in the Redevelopment Property Tax Trust Fund are available to pay debt service on the Senior Obligations of another Project Area after payments have been made on the Bonds.

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 six-month period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, and six-month period 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 Successor 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, 2015 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.

Reserve Account.

General. There has been established in the Debt Service Fund by the Indenture a separate fund and account known as the "Reserve Account" solely as security for payments on the 2014A Bonds and the 2014B 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 Reserve Requirement for the 2014A Bonds and the 2014B 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 term "Reserve Requirement" means $5,519,141.19, which is equal, as of the date of issuance of the Bonds, to the least of: (i) 10% of the original principal amount of the Bonds, less original discount (if any), plus original issue premium (if any), on the Bonds; (ii) 125% of the average Annual Debt Service on the Bonds; or (iii) Maximum Annual Debt Service on the Bonds.

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 2014A Bonds and the 2014B 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 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—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.

The Surety Provider. *The information under this caption has been prepared by the Surety Provider for inclusion in this Official Statement. None of the Agency, the City or the Underwriter has reviewed this information, nor do the Agency, the City or the Underwriter make any representation with respect to the accuracy or completeness thereof.*

The Surety Provider is a New York domiciled mutual insurance corporation. The Surety Provider provides credit enhancement products solely to issuers in the U.S. public finance markets. The Surety Provider will only provide credit enhancement products for obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of the Surety Provider is liable for the obligations of the Surety Provider.

The address of the principal executive offices of the Surety Provider is 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

The Surety Provider is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

The Surety Provider's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of the Surety Provider should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of the Surety Provider and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of the Surety Provider in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. The Surety Provider does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

The Surety Provider's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $477.8 million, $17.9 million and $459.9 million, respectively.

The Surety Provider is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by the Surety Provider, subject to certain limitations and restrictions.

The Surety Provider's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on the Surety Provider's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to the Surety Provider at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

The Surety Provider makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Surety Provider has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Surety Provider, supplied by the Surety Provider and presented under the caption "*—The Surety Provider*."

The Surety Provider receives compensation (a premium) for the Reserve Surety that it is providing with respect to the Bonds. Neither the Surety Provider nor any affiliate of the Surety Provider has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

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 the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act less Senior Obligations and Statutory Pass-Through Amounts (as such term is defined under 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 now 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"). Additionally, 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 <u>before</u> 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, 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 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 the 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. In 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 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."

Recognized Obligation Payment Schedule

Before each six-month period, 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 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 six-month period.

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); or (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.

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 90 days before the date of the next January 2 or June 1 property tax distribution. 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. Additionally, the Agency's administrative cost allowance is reduced by 25% if the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods. 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. Additionally, the County Auditor-Controller may 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 provide 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.

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 six-month period, 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, 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."

The Dissolution Act provides that any bonds 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 provision 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. Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the 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.

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 Recognized Obligation Payment Schedule); 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 Reserve Account, in order to maintain in the Reserve Account the amount of the Reserve Requirement. See Appendix B.

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 Bonds. The following bond issuances (the "Senior Bonds") are payable from moneys deposited in the Redevelopment Property Tax Trust Fund on a senior basis to the Bonds:

Name of Issuance	***Outstanding Principal Amount***	***Scheduled Maturity Date***
Redevelopment Agency of the City of Riverside University Corridor/Sycamore Canyon Merged Redevelopment Project Area 2007 Tax Allocation Bonds, Series A (the "2007A Bonds")	$ 24,610,000	August 1, 2036
Redevelopment Agency of the City of Riverside Downtown/Airport Merged Redevelopment Project Area 2007 Tax Allocation Bonds, Series B (the "2007B Bonds")	9,340,000	August 1, 2037
Redevelopment Agency of the City of Riverside Casa Blanca Redevelopment Project Area 2007 Tax Allocation Bonds, Series C (the "2007C Bonds")	10,935,000	August 1, 2029
Redevelopment Agency of the City of Riverside Arlington Redevelopment Project Area 2007 Tax Allocation Bonds, Series D (the "2007D Bonds")	16,985,000	August 1, 2037
Redevelopment Agency of the City of Riverside Hunter Park/Northside Redevelopment Project Area 2007 Tax Allocation Bonds, Series E (the "2007E Bonds")	21,210,000	August 1, 2037
Redevelopment Agency of the City of Riverside Magnolia Center Redevelopment Project Area 2007 Tax Allocation Bonds, Series F (the "2007F Bonds")	15,440,000	August 1, 2037
Redevelopment Agency of the City of Riverside La Sierra/Arlanza Redevelopment Project Area 2007 Tax Allocation Bonds, Series G (the "2007G Bonds")	41,455,000	August 1, 2037
Total	**$139,975,000**	

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 2.9% 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. Approximately $8,200,000 of such amounts remains outstanding, which is 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. The Agency currently estimates that approximately $890,000 will be approved for payment on the Recognized Obligation Payment Schedule for early 2015 and that approximately $2,910,000, $3,190,000 and $1,210,000 will be approved for payment on the Recognized Obligation Payment Schedules for Fiscal Years 2016, 2017 and 2018, respectively. Because the repayment of such amounts must be approved on each Recognized Obligation Payment Schedule by the Agency's oversight board and the DOF, there can be no assurance that the estimates set forth in the previous sentence will reflect actual repayment amounts. 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 55.1% of the total) constitute Senior Obligations. The remaining 44.9% 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 obligation under the Tyler Galleria Agreement is estimated to be approximately $331,500 in Fiscal Year 2014-15 and is expected to increase by approximately $6,000 per year until the termination of such obligation in Fiscal Year 2018.

Additional Senior Obligations. Certain property maintenance, appraisal and other disposition costs in the total amount of approximately $40,000 appear on the Agency's Recognized Obligation Payment Schedule for the period from July 1, 2014 through December 31, 2014 and constitute Senior Obligations. A similar amount is expected to appear on the Agency's Recognized Obligation Payment Schedule for the period from January 1, 2015 through June 30, 2015. Such costs in substantially reduced amounts are expected to appear on the Agency's Recognized Obligation Payment Schedules in succeeding Fiscal Years through Fiscal Year 2018. See Appendix A for further information with respect to additional Senior Obligations.

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 Successor 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. Although the County has not formally 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, under a longstanding County policy, 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 and 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 Years

2012-13 and 2013-14, the County's administrative charge to the Agency for the Project Areas was $817,526 and $746,749, respectively, representing less than 1.5% of gross tax increment revenues received by the Agency in each 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 has 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" 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" 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 six-month period, 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. 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 January 2 or June 1 distribution dates, as applicable. 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. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 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 further provides for a new 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 in accordance with a new formula. 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.

Tax Revenues from unitary property are assumed to remain at estimated Fiscal Year 2014-15 levels or actual Fiscal Year 2013-14 levels for each Project Area for purposes of gross tax increment projections in the Fiscal Consultant Report. See Table 9.0 in Appendix A.

Article XIIIA 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 XIIIA to the State Constitution. Article XIIIA 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 XIIIA 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 XIIIA 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 XIIIA: (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 XIIIA 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 XIIIA. Proposition 58 amended Article XIIIA to provide that the terms "purchase" and "change of ownership," for the purposes of determining full cash value of property under Article XIIIA, 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 XIIIA may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIIIA 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 XIIIA 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 XIIIB

On November 6, 1979, State voters approved Proposition 4 (also known as the Gann Initiative), which added Article XIIIB to the State Constitution. Article XIIIB 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 XIIIB, 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 XIIIB and has not adopted an appropriations limit.

Articles XIIIC and XIIID 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 XIIIC and XIIID 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.

Redevelopment Time Limits

In 1993, the State legislature passed AB 1290, Chapter 942, Statutes 1993, 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, Chapter 741, Statutes 2001, effective January 1, 2002 ("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 triggers statutory tax sharing with those taxing entities that do not have Pass-Through Agreements. 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 Area.

SB 211 also prescribed additional requirements that a redevelopment agency would have to meet upon extending the time limit on the effectiveness of a redevelopment plan, including requiring an increased percentage of new and substantially rehabilitated dwelling units to be available at affordable housing cost to persons and families of low or moderate income prior to the termination of the effectiveness of the plan.

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."

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 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. 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. Moreover, in the case of any reduction in any one year 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, the property tax revenues from which Tax Revenues are derived 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. See Appendix A for information regarding the appeals pending with respect to the assessed valuations of the top ten property owners within each Project Area.

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 XIIIA 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 XIIIA.

The County Assessor has the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of property affected by particular negative economic conditions. The Agency is aware that the County Assessor made such reductions to assessed values of residential property in the Project Areas and the City generally in recent Fiscal Years, a portion of which reductions have now been restored. The Fiscal Consultant Report does not assume any future reductions in assessed valuations as a result of Proposition 8, but there can be no assurance that such reductions will not be made in the future. See the caption "THE PROJECT AREAS" for further information with respect to reductions in assessed value within the Project Areas in the last five Fiscal Years.

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 XIIIC and XIIID 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 XIIIC 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 XIIIA, XIIIB, XIIIC and Article XIIID 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 and that the liabilities of the Prior Agency will not be transferred to the City nor will the assets of the Prior Agency 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 Finance Director of the City its chief financial officer.

Agency Powers

All powers of the Agency are vested in its seven members and the Chair, who are elected members of the City Council. 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 this requirement 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), 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.

The Prior Agency's operating budget for Fiscal Year 2011-12 was $4.5 million, which included allocated costs for City staff, related non-personnel expenses, and internal service costs related to the operations of the Agency. Previously, the Prior Agency's practice was to reimburse the City for these amounts 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.

As of the date of this Official Statement, the City and the State disagree as to whether approximately $16 million in loans between the City and the Prior Agency relating to the Downtown/Airport Merged Redevelopment Project Area are enforceable obligations. On February 27, 2013, the City filed a lawsuit against the DOF seeking to validate the principal and interest due from the Agency as enforceable obligations. On June 21, 2013, the trial court ruled in the City's favor that the loans were enforceable obligations. The State has appealed that ruling and the appeal is pending. In the event that the State's appeal is successful, AB 1484 (the "clean up" legislation approved to clarify certain provisions of the Dissolution Act) would require the Agency to pay 80% of the principal due on the outstanding loans, without interest. The remaining 20% of the principal due on the outstanding loans would be devoted to low and moderate income housing programs in accordance with the Dissolution Act. Whether or not the City's loans to the Prior Agency are ultimately determined to be enforceable obligations of the Agency, all repayments, including those subject to appeal by the State, would be 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 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 2014-15 is set forth in the below table:

Table 1
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Tax Revenues (Fiscal Year 2014-15)

Project Area	*Number of Acres*	*Total Valuation*	*Less Base Year Valuation*	*Incremental Valuation*	*% of Incremental Valuation*	*Gross Tax Increment*
University Corridor/Sycamore Canyon Merged Redevelopment Project Area	2,346	$ 1,324,830,423	$ 107,359,759	$ 1,217,470,664	20.2%	$12,272,707
Downtown/Airport Merged Redevelopment Project Area	2,417	1,322,970,470	162,212,525	1,160,757,945	19.2	12,014,579
Casa Blanca Redevelopment Project Area	725	352,030,382	19,167,136	332,863,246	5.5	3,369,632
Arlington Redevelopment Project Area	1,274	928,198,179	441,758,688	486,439,491	8.1	4,895,395
Magnolia Center Redevelopment Project Area	475	653,973,903	311,033,930	342,939,973	5.7	3,446,400
Hunter Park/Northside Redevelopment Project Area	2,636	1,531,684,844	747,435,274	784,249,570	13.0	7,879,496
La Sierra/Arlanza Redevelopment Project Area	6,424	3,947,632,241	2,234,668,726	1,712,963,515	28.4	17,206,635
TOTAL	16,297	$10,061,320,442	$ 4,023,636,038	$ 6,037,687,404	100.0%	$61,084,844

Source: DHA Consulting, LLC; City.

Taxable values for each Project Area for the current and past nine 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

	Fiscal Year									
Project Area	***2005-06***	***2006-07***	***2007-08***	***2008-09***	***2009-10***	***2010-11***	***2011-12***	***2012-13***	***2013-14***	***2014-15*[1]**
University Corridor[2]	$ 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
Sycamore Canyon[3]	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
Downtown[4]	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
Airport[5]	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
Casa Blanca[6]	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
Arlington[7]	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
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
Hunter Park/Northside[7]	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	1,531,684,844
La Sierra/Arlanza[8]	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
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**	**$10,061,320,442**
% Change	16.71%	14.48%	16.71%	4.91%	(4.70)%	(2.43)%	0.53%	(0.13)%	2.05%	5.24%
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
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	$6,037,687,404
% Change		33.57%	33.22%	8.56%	(7.91)%	(3.35)%	0.94%	(0.22)%	3.58%	9.04%
Inflationary Trend[9]	2.00%	2.00%	2.00%	2.00%	2.00%	(0.02)%	0.75%	2.00%	2.00%	0.45%

(1) Reflects assessed values reported to the County in August 2014.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) 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."

(7) 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.

(8) 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; Redevelopment Plan Limitations—Redevelopment Plan."

(9) Reflects the annual statutory change in assessed values pursuant to Article XIIIA of the State Constitution. Article XIIIA 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 XIIIA 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 2014-15)

Assessee Name	*Project Area*	*Last Date to Receive Tax Increment from Project Area*	*Use*	*Number of Parcels*	*Fiscal Year 2014-15 Value*	*Percent of Total Aggregate Value*	*Percent of Incremental Value*
1. Tyler Mall Limited Partnership[(1)]	La Sierra	07/13/2049	Shopping Center	8	$194,240,796	1.93%	3.22%
2. Riverside Healthcare System[(1)]	Downtown	11/27/2037	Hospital	12	132,457,413	1.32	2.19
3. La Sierra University[(1)]	La Sierra	07/13/2049	Residential/Commercial/Vacant	43	116,298,187	1.16	1.93
4. Rohr Inc.[(1)]	Airport	11/27/2037	Industrial	12	97,904,027	0.97	1.62
5. Advance Group 13 107[(1)(2)]	La Sierra	07/13/2049	Residential	2	96,578,500	0.96	1.60
6. State Street Bank and Trust[(1)(3)]	Sycamore Canyon	07/08/2043	Food Distribution Facility	2	84,999,998	0.84	1.41
7. Vestar Riverside Plaza LLC[(4)]	Magnolia Center	07/14/2044	Shopping Center	10	75,294,606	0.75	1.25
8. Edgemont Community Services District[(1)(5)]	Sycamore Canyon	07/08/2043	Industrial	5	60,202,798	0.60	1.00
9. Sterling Riverside 2[(1)]	Hunter Park	06/24/2049	Residential	1	52,909,462	0.53	0.88
10. Riverside Sycamore	Sycamore Canyon	07/08/2043	Industrial	1	52,344,810	0.52	0.87
			TOTAL	**96**	**$963,230,597**	**9.57%**	**15.95%**

(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) Previous owners of these parcels include JSP Corporate Pointe and BRE Properties.
(3) Excludes $33 million in unsecured value at the same location.
(4) Formerly Riverside Plaza.
(5) Public entity, but owns industrial buildings that are taxable.
Source: DHA Consulting, LLC.

Information with respect to the top ten taxpayers for each Project Area is set forth in Appendix A.

The assessed valuation of each Project Area 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 2014-15)

Category of Value	*University Corridor/Sycamore Canyon Merged*	*Downtown/ Airport Merged*	*Casa Blanca*	*Arlington*	*Magnolia Center*	*Hunter Park/Northside*	*La Sierra/ Arlanza*	*Number of Properties Levied*[2]	*Total Value*	*Percentage of Total Value*[3]
Residential	$ 170,719,200	$ 216,469,198	$157,960,606	$340,537,498	$ 71,287,769	$ 512,203,800	$2,556,007,390	18,653	$ 4,025,185,461	40.01%
Commercial	280,463,315	547,032,466	90,846,970	423,639,263	480,173,557	237,967,431	827,766,577	1,891	2,887,889,579	28.70
Industrial	627,312,661	383,048,436	48,863,497	45,004,845	8,611,436	560,857,035	155,099,636	886	1,828,797,546	18.18
Recreational	-	642,660	-	7,102,944	17,164,591	-	9,079,434	12	33,989,629	0.34
Institutional	40,259,568	880,796	448,108	6,876,450	1,184,079	-	21,692,753	112	71,341,754	0.71
Vacant Land	44,647,616	43,461,551	4,789,363	16,517,929	4,860,229	30,634,701	94,336,284	1,607	239,247,673	2.38
SBE[1]	21,005	5,860	-	66,211	-	38,583	200	12	131,859	0.00
Other	614,340	19,529,689	162,721	13,121,994	591,579	5,157,004	18,605,575	952	57,782,902	0.57
Unsecured	157,234,144	111,899,814	45,977,806	70,549,690	70,100,663	184,826,290	196,818,088	3,852	837,406,495	8.32
Miscellaneous	3,558,574	-	2,981,311	4,781,355	-	-	68,226,304	16	79,547,544	0.79
Total	**$ 1,324,830,423**	**$1,322,970,470**	**$352,030,382**	**$928,198,179**	**$653,973,903**	**$ 1,531,684,844**	**$3,947,632,241**	**23,177**	**$10,061,320,442**	**100.00%**
Acreage	2,346	2,417	725	1,274	475	2,636	6,424		16,297	

(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), Other 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.

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

Redevelopment Plan; Redevelopment Plan Limitations.

Redevelopment Plan. The following table sets forth: (i) the adoption and amendment chronology for the University Corridor/Sycamore Canyon Merged Redevelopment Project Area and its component areas, the University Corridor Redevelopment Project Area and the Sycamore Canyon/Box Springs Industrial Redevelopment Project Area; and (ii) the redevelopment plan limits applicable to the University Corridor Redevelopment Plan and the Sycamore Canyon/Box Springs Industrial Redevelopment Plan (collectively referred to herein as the "University Corridor/Sycamore Canyon Merged Redevelopment Plan."

		Current Limits						
Project/Amendment	***Date Adopted***	***Incur Debt***	***Plan Term***	***Receive Tax Increment***	***Fiscal Year***	***Tax Increment Limit***[1]	***Bonded Debt Limit***	***Eminent Domain***
University Corridor/Sycamore Canyon Merged Redevelopment Project Area								
University Corridor (Central Industrial)								
Original Area	10/25/1977	01/01/2014	10/25/2020	10/25/2030	2029-30			
Area Added by 1st Amendment	11/27/1984	11/27/2014	11/27/2027	11/27/2037	2036-37			
2nd Amendment (no area added)	12/20/1994							
3rd Amendment (AB 1290 conformity)[2]	12/20/1994							
Area Added by 4th Amendment (merger)	07/08/1997	07/08/2017	07/08/2028	07/08/2043	2042-43	Combined[3]	Combined[3]	Combined[3]
Amendment (2-Year for Fiscal Years 2004-05 and 2005-06 ERAF)[2]	10/03/2006							
Amendment (1-Year for Fiscal Year 2003-04 ERAF)[2]	10/03/2006							
5th Amendment (increase tax increment limit)	08/25/2009							
Sycamore Canyon						$1,200,000,000[3]	$319,000,000[3]	09/25/2021[3][4]
Original Area	12/20/1983	01/01/2014	12/20/2026	12/20/2036	2035-36			
1st Amendment (AB 1290 conformity)	12/20/1994							
Area Added by 2nd Amendment (merger)	07/08/1997	07/08/2017	07/08/2028	07/08/2043	2042-43			
Amendment (2-Year for Fiscal Years 2004-05 & 2005-06 ERAF)[2]	10/03/2006							
Amendment (1-Year for Fiscal Year 2003-04 ERAF)[2]	10/03/2006							
5th Amendment (increase tax increment limit)	08/25/2009							

(1) The tax increment dollar limit shown applies to gross tax increment revenues.
(2) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(3) Limits apply to all sub-areas combined. The cumulative tax increment limit, bonded debt limit and eminent domain time limit for the University Corridor/Sycamore Canyon Merged Redevelopment Project Area as a whole is $1,200,000,000, $319,000,000 and September 25, 2021, respectively.
(4) Eminent domain time limit is twelve years from effective date of plan (versus from date of plan adoption, a 30 day difference).

Redevelopment Plan Limitations. The redevelopment plan for the University Corridor/Sycamore Canyon Merged Redevelopment Project Area establishes a gross tax increment limit of $1,200,000,000. In addition, the redevelopment plan for the University Corridor/Sycamore Canyon Merged Redevelopment Project Area establishes the final date to collect Tax Revenues as July 8, 2043 (although the final dates to collect Tax Revenues for certain sub-areas within the University Corridor/Sycamore Canyon Merged Redevelopment Project Area occur as early as October 25, 2030, as shown in the "Receive Tax Increment" column in the table under the subcaption "—Redevelopment Plan" above). The Prior Agency and the Agency had cumulatively received $153,152,481 in gross tax increment as of June 30, 2014.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 1.35% in Fiscal Year 2015-16 and 2% per annum beginning in Fiscal Year 2016-17. However, if assessed values were to grow at a future rate of 13% per annum, the University Corridor/Sycamore Canyon Merged Redevelopment Project Area would reach the cumulative tax increment limit in Fiscal Year 2034-35. Between Fiscal Years 2005-06 and 2014-15, assessed values in the University Corridor/Sycamore Canyon Merged Redevelopment Project Area grew by an average of approximately 2.7% per annum in the University Corridor sub-area and 6.1% per annum in the Sycamore Canyon sub-area.

Top Taxpayers. See Table 3.4 in the Fiscal Consultant Report set forth in Appendix A for information with respect to the largest taxpayers within the University Corridor/Sycamore Canyon Merged Redevelopment Project Area for Fiscal Year 2014-15.

Tax Sharing Obligations.

Pass-Through Agreements. The following are summaries of the Agency's negotiated Pass-Through Agreements applicable to the University Corridor/Sycamore Canyon Merged Redevelopment Project Area. The summaries identify the relative priority of the Agency's payment obligations under the Pass-Through Agreements and debt service on the Bonds.

Table 5
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
UNIVERSITY CORRIDOR/SYCAMORE CANYON MERGED REDEVELOPMENT PROJECT AREA
Tax Sharing Agreements Summary

Taxing Entity	*Description of Agreement*	*Applies to*	*Basis*	*Approximate Percentage Share*[1]	*Portion Currently Paid*	*Fiscal Year 2014-15 Payment Amount*[2]	*Potential Future Increases*	*Lien on Tax Revenues Relative to Bonds*
County General	The County receives a portion of its share of gross tax increment up to 100%. Since Fiscal Year 2004-05, the County has received 100% of its share.	All Pre-1994 Areas	1.0% of Receipts	29.0% / 30.2%	100.0%	29.2 %	None	Senior[3]
Riverside County Flood Control and Water Conservation District	RCFCWCD receives a portion of its share up to 100%. Since 2002-03, the Prior Agency and the Agency have been paying RCFCWCD 100% of its share of gross tax increment in the University Corridor Sub-Area and approximately 35% of its share of gross tax increment in the Sycamore Canyon Sub-Area.	All Pre-1994 Areas	Net 1.0%[2]	3.3% / 3.8%	100.0% / Variable[1]	1.2% / 1.0%	>+/-3.0%	Subordinate/ Senior[1][3]
The Riverside County Superintendent of Schools	The Superintendent receives 30% of its share of net taxes, but only in the 1985 Annex.	1985 Annex Only[4]	1.0% Receipts	3.0% / N/A	30.0%	0.2%	None	Senior[3]
Riverside Community College District	The Riverside Community College District receives 37.5% of its share of net tax increment revenues from the Project Area.	Original University Corridor sub-area and & 1985 Annex Only[4]	Net 1.0%[5]	5.2% / N/A	37.5%	0.5%	None	Subordinate
	TOTAL SENIOR					30.4%		
	TOTAL SUBORDINATE					1.7%		
	GRAND TOTAL					32.1%		

(1) Amount or information shown is for University Corridor sub-area first and Sycamore Canyon sub-area second, respectively.
(2) Amount shown equals the approximate percentage of gross tax increment from the entire University Corridor/Sycamore Canyon Merged Redevelopment Project Area for Fiscal Year 2013-14.
(3) See the caption "SECURITY FOR THE BONDS—Senior Obligations—Senior Pass-Through Agreements." Tax increment derived from the former Sycamore Canyon and Box Springs Industrial Park Redevelopment Project Area is payable on a senior basis to the Bonds, while tax increment derived from the University Corridor sub-area is payable on a subordinate basis to the Bonds.
(4) Area added pursuant to the amendment to the redevelopment plan for the University Corridor sub-area adopted on November 27, 1984. See the caption "—Redevelopment Plan; Redevelopment Plan Limitations."
(5) Tax increment less assessed value derived from unitary property, Housing Set-Aside and administrative costs. See the captions "PROPERTY TAXATION IN CALIFORNIA—Unitary Property," "SECURITY FOR THE BONDS—Tax Increment Financing—Elimination of Housing Set-Aside" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs."

Source: DHA Consulting, LLC.

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—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 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.

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* *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.*

Redevelopment Plan; Redevelopment Plan Limitations.

The Redevelopment Plan. The following table sets forth: (i) the adoption and amendment chronology for the Downtown/Airport Redevelopment Project Area and its component areas, the Downtown Project Area and the Airport Industrial Redevelopment Project Area; and (ii) the redevelopment plan limits applicable to the Airport Industrial Redevelopment Plan and the Downtown Redevelopment Plan (collectively referred to herein as the "Downtown/Airport Redevelopment Plan").

		Current Limits						
Project/Amendment	***Date Adopted***	***Incur Debt***	***Plan Term***	***Receive Tax Increment***	***Fiscal Year***	***Tax Increment Limit***[1]	***Bonded Debt Limit***	***Eminent Domain***
Downtown/Airport Merged Redevelopment Project Area								
Downtown						Combined with Airport[4]	Combined with Airport[4]	Combined with Airport[4]
Original Area	11/16/1971	11/16/2011	11/16/2014	11/16/2024	2023-24			
Area Added by 1st Amendment	12/19/1972	12/19/2012	12/19/2015	12/19/2025	2023-24			
Area Added by 2nd Amendment	05/07/1974	01/01/2014	05/07/2017	05/07/2027	2026-27			
Area Added by 3rd Amendment	11/18/1975	01/01/2014	11/18/2018	11/18/2028	2026-27			
Area Added by 4th Amendment (1985 Annex area)	11/27/1984	11/27/2014	11/27/2027	11/27/2037	2036-37			
5th Amendment (merger no area added)	09/25/1990							
6th Amendment (AB 1290 conformity)[2]	12/20/1994							
7th Amendment (no area added)	05/06/1997							
Amendment (2-Year for Fiscal Years 2004-05 and 2005-06 ERAF)[2]	10/03/2006							
Amendment (1-Year for Fiscal Year 2003-04 ERAF)[2]	10/03/2006							
8th Amendment (merged with Hunter Park/Northside)[3]	08/25/2009							
Airport						$671,000,000[4]	$171,000,000[4]	09/25/2021[4][5]
Original Area	12/01/1976	01/01/2014	10/22/2019	10/22/2029	2028-29			
Area Added by 1st Amendment	06/10/1980	01/01/2014	06/10/2023	06/10/2033	2032-33			
Area Added by 2nd Amendment (1985 Annex area)	11/27/1984	11/27/2024	11/27/2027	11/27/2037	2036-37			
3rd Amendment (merger no area added)	09/25/1990							
4th Amendment (AB 1290 conformity)	12/20/1994							
5th Amendment (no area added)	05/06/1997							
Amendment (2-Year for Fiscal Years 2004-05 and 2005-06 ERAF)[2]	10/03/2006							
Amendment (1-Year for Fiscal Year 2003-04 ERAF)[2]	10/03/2006							
8th Amendment (merged with Hunter Park/Northside)[3]	08/25/2009							

(1) The tax increment dollar limit shown applies to gross tax increment revenues.
(2) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(3) Information with respect to the Hunter Park/Northside Redevelopment Project Area has been kept separate in this Official Statement for comparison purposes. See the caption "—Hunter Park/Northside Redevelopment Project Area."
(4) Limits apply to all sub-areas combined. The cumulative tax increment limit, bonded debt limit and eminent domain time limit for the Downtown/Airport Merged Redevelopment Project Area as a whole is $671,000,000, $171,000,000 and September 25, 2021, respectively.
(5) Eminent domain time limit is twelve years from effective date of plan (versus from date of plan adoption, a 30 day difference).

Redevelopment Plan Limitations. The Downtown/Airport Redevelopment Plan establishes a gross tax increment limit of $671,000,000. In addition, the Downtown/Airport Redevelopment Plan establishes the final date to collect Tax Revenues as November 27, 2037 (although the final dates to collect Tax Revenues for certain sub-areas within the Downtown/Airport Merged Redevelopment Project Area occur as early as November 16, 2024, as shown in the "Receive Tax Increment" column in the table under the subcaption "—Redevelopment Plan" above). The Prior Agency and the Agency had cumulatively received $256,953,703 in gross tax increment as of June 30, 2014.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 1.35% in Fiscal Year 2015-16 and 2% per annum beginning in Fiscal Year 2016-17. However, if assessed values were to grow at a future rate of 15% per annum, the Downtown/Airport Merged Redevelopment Project Area would reach the cumulative tax increment limit in Fiscal Year 2034-35. Between Fiscal Years 2005-06 and 2014-15, assessed values in the Downtown/Airport Merged Redevelopment Project Area grew by an average of approximately 2.9% per annum in the Downtown sub-area and 2.2% per annum in the Airport sub-area.

Top Taxpayers. See Table 3.2 in the Fiscal Consultant Report set forth in Appendix A for information with respect to the largest taxpayers within the Downtown/Airport Merged Redevelopment Project Area for Fiscal Year 2014-15.

Tax Sharing Obligations.

Pass-Through Agreements. The following are summaries of the Agency's negotiated Pass-Through Agreements applicable to the Downtown/Airport Merged Redevelopment Project Area. The summaries identify the relative priority of the Agency's payment obligations under the Pass-Through Agreements and debt service on the Bonds.

Table 6
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
DOWNTOWN/AIRPORT MERGED REDEVELOPMENT PROJECT AREA
Pass-Through Agreements Summary

Taxing Entity	*Description of Agreement*	*Applies to*	*Basis*	*Approximate Percentage Share*	*Portion Currently Paid*	*Fiscal Year 2013-14 Payment Amount*[(1)]	*Potential Future Increases*	*Lien on Tax Revenues Relative to Bonds*
County General	The County receives a portion of its share of gross tax increment up to 100%. Since Fiscal Year 2004-05, the County has received 100% of its share.	Entire Area	1.0% of Receipts	29.1%	100.0%	29.1%	None	Senior[(2)]
Riverside County Flood Control and Water Conservation District	RCFCWCD receives a portion of its share up to 100%. Since Fiscal Year 2002-03, the Prior Agency and the Agency have been paying RCFCWCD 100% of its share of gross tax increment.	Entire Area	1.0% of Receipts	3.3%	100.0%	3.3%	None	Senior[(2)]
The Riverside County Superintendent of Schools	The Superintendent receives 37.5% of its share of net taxes, but only in the 1985 Annex area.[(3)]	1985 Annex Only[(3)]	Net 1.0%[(4)]	4.31% / 2.96%[(5)]	37.5%	0.2%	None	Subordinate
Riverside Unified School District[(6)]	The Riverside Unified School District receives the lesser of 31% of its share of net tax increment revenues or $700,000.	Where Applicable[(7)]	Net 1.0%[(4)]	29.5% / 43.0%[(8)]	$700,000	5.7%	Decreasing Percentage as Tax Increment Increases	Subordinate
Riverside Community College District	The Riverside Community College District receives 30% of its share of net tax increment revenues from the Project Area.	Entire Area	Net 1.0%[(4)]	5.2%	30.0%	1.2%		Subordinate
	TOTAL SENIOR					32.4%		
	TOTAL SUBORDINATE					7.1%		
	GRAND TOTAL					39.5%		

(1) Amount shown equals the approximate percentage of gross tax increment from the entire Downtown/Airport Merged Redevelopment Project Area for Fiscal Year 2013-14.
(2) See the caption "SECURITY FOR THE BONDS—Senior Obligations—Senior Pass-Through Agreements."
(3) Area added pursuant to the amendments to the Airport Industrial Redevelopment Plan and the Downtown Redevelopment Plan adopted on November 27, 1984. See the caption "—Redevelopment Plan; Redevelopment Plan Limitations."
(4) Tax increment less assessed value derived from unitary property, Housing Set-Aside and administrative costs. See the captions "PROPERTY TAXATION IN CALIFORNIA—Unitary Property," "SECURITY FOR THE BONDS—Tax Increment Financing—Elimination of Housing Set-Aside" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs."
(5) The Superintendent's share in the 1985 Annex area is 4.31% in the Airport sub-area and 2.96% in the Downtown sub-area.
(6) Maximum total payment is $700,000 from the Airport sub-area and the Downtown sub-area.
(7) The Riverside Unified School District does not share in taxes derived from the 1985 Annex area of the Airport sub-area or area added to the Downtown sub-area pursuant to the June 10, 1980 amendment to the Downtown Redevelopment Plan.
(8) The Riverside Unified School District's share is 29.5% in the Airport sub-area and 43.0% in the Downtown sub-area.
Source: DHA Consulting, LLC.

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—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.

Redevelopment Plan; Redevelopment Plan Limitations.

Redevelopment Plan. The following table sets forth: (i) the adoption and amendment chronology for the Casa Blanca Redevelopment Project Area; and (ii) the redevelopment plan limits applicable to the Casa Blanca Redevelopment Plan.

		Current Limits						
Project/Amendment	***Date Adopted***	***Incur Debt***	***Plan Term***	***Receive Tax Increment***	***Fiscal Year***	***Tax Increment Limit***[(1)]	***Bonded Debt Limit***	***Eminent Domain***
Casa Blanca Redevelopment Project Area								
Original Area	11/09/1976				2028-29			
1st Amendment (no area added)	04/24/1990							
2nd Amendment (AB 1290 conformity)[(2)]	12/20/1994							
3rd Amendment (no added area)[(2)]	06/19/2001	01/01/2014	11/09/2019	11/09/2029		$265,000,000	$80,000,000	07/19/2013[(3)]
Amendment (1-Year for Fiscal Year 2003-04 ERAF)[(2)]	10/03/2006							
Amendment (2-Year for Fiscal Years 2004-05 and 2005-06 ERAF)[(2)]	10/03/2006							

(1) The tax increment dollar limit shown applies to net tax increment revenues.
(2) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(3) Eminent domain time limit is twelve years from effective date of plan (versus from date of plan adoption, a 30 day difference).

Redevelopment Plan Limitations. The Casa Blanca Redevelopment Plan establishes a tax increment limit of $265,000,000, but excludes from such limit: (i) any payments to taxing agencies to alleviate financial burdens made by the Prior Agency pursuant to Section 33401 of the Redevelopment Law; and (ii) any funds required by Section 33334.2 of the Redevelopment Law to be deposited by the Prior Agency or the Agency into the Low and Moderate Income Housing Fund as a result of such payments to the taxing agencies. See the caption "SECURITY FOR THE BONDS—Tax Increment Financing—Elimination of Housing Set-Aside." In addition, the Casa Blanca Redevelopment Plan establishes the final date to collect Tax Revenues as November 9, 2029. The Prior Agency and Agency had cumulatively received $65,157,475 in tax increment as of June 30, 2014.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 1.35% in Fiscal Year 2015-16 and 2% per annum beginning in Fiscal Year 2016-17. However, if assessed values were to grow at a future rate of 21% per annum, the Casa Blanca Redevelopment Project Area would reach the cumulative tax increment limit in Fiscal Year 2028-29. Between Fiscal Years 2005-06 and 2014-15, assessed values in the Casa Blanca Redevelopment Project Area grew by an average of approximately 2.3% per annum.

Top Taxpayers. See Table 3.1 in the Fiscal Consultant Report set forth in Appendix A for information with respect to the largest taxpayers within the Casa Blanca Redevelopment Project Area for Fiscal Year 2014-15.

Tax Sharing Obligations.

Pass-Through Agreements. The following are summaries of the Agency's negotiated Pass-Through Agreements applicable to the Casa Blanca Redevelopment Project Area. The Agency's payment obligations under each Pass-Through Agreement are subordinate to debt service on the Bonds.

Table 7
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
CASA BLANCA REDEVELOPMENT PROJECT AREA
Pass-Through Agreements Summary

Taxing Entity	*Description of Agreement*	*Applies to*	*Basis*	*Approximate Percentage Share*	*Portion Currently Paid*	*Fiscal Year 2014-15 Payment Amount*(1)	*Potential Future Increases*	*Lien on Tax Revenues Relative to Bonds*
County General(2)	The County receives an annual payment equal to $100,000 plus an adjustment of 6% or the cumulative Consumer Price Index adjustment, plus a 2.0% inflationary adjustment payment(2)	Entire Area	Escalating Fee Plus 2.0% Payment(2)	29.0%	$253,000	7.7%	Consumer Price Index Increase	Subordinate
Riverside County Flood Control and Water Conservation District	RCFCWCD receives 37.5% of its share of net tax increment plus a 2.0% inflationary adjustment payment(2)	Entire Area	Net 1.0% Plus 2.0% Payment(2)(3)	3.3%	37.5%	0.6%	2.0% 33676 Payment(4)	Subordinate
The Riverside County Superintendent of Schools	The Superintendent receives 37.5% of its share of net tax increment increases above Fiscal Year 1989-90 levels.	Entire Area	Net ETV(5)	3.0%	37.5%	0.2%	None(6)	Subordinate
Riverside Unified School District(3)	The Riverside Unified School District receives 30.0% of its share of net tax increment increases above Fiscal Year 1989-90 levels.	Entire Area	Net ETV(5)	43.0%	30.0%	2.5%	None(6)	Subordinate
Riverside Community College District	The Riverside Community College District receives 30.0% of its share of net tax increment increases above 1989-90 levels.	Entire Area	Net ETV(5)	5.2%	30.0%	0.3%	None(6)	Subordinate
	TOTAL SENIOR					0.0%		
	TOTAL SUBORDINATE					11.3%		
	GRAND TOTAL					11.3%		

(1) Amount shown equals the approximate percentage of gross tax increment from the entire Casa Blanca Redevelopment Project Area for Fiscal Year 2013-14.
(2) Both the County and the RCFCWCD Agreements include basic payments, plus an inflationary payment. The inflationary payment, also known as a 33676 payment or a 2% Allocation, is based on an assumed 2.0% inflationary increase in the base year taxable value.
(3) Tax increment less assessed value derived from unitary property, Housing Set-Aside and administrative costs. See the captions "PROPERTY TAXATION IN CALIFORNIA—Unitary Property," "SECURITY FOR THE BONDS—Tax Increment Financing—Elimination of Housing Set-Aside" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs."
(4) See the caption "RISK FACTORS—Santa Ana Unified School District Case."
(5) Excess Taxable Value (i.e., the amount by which the current year assessed value exceeds an artificial base year value established when the Pass-Through Agreement was executed) equals net tax increment (tax increment less assessed value derived from unitary property, Housing Set-Aside and administrative costs) above Fiscal Year 1989-90 levels: $132,104,368 is the adjusted base year amount.
(6) Because these payments are based on an artificial base year value, the percentage of total tax increment payable will increase slightly over time.
Source: DHA Consulting, LLC.

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—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.

***Redevelopment Plan; Redevelopment Plan Limitations*.**

Redevelopment Plan. The following table sets forth: (i) the adoption and amendment chronology for the Arlington Redevelopment Project Area; and (ii) the redevelopment plan limits applicable to the Arlington Redevelopment Plan.

		Current Limits						
Project/Amendment	***Date Adopted***	***Incur Debt***	***Plan Term***	***Receive Tax Increment***	***Fiscal Year***	***Tax Increment Limit*[1]**	***Bonded Debt Limit***	***Eminent Domain***
Arlington Redevelopment Project Area								
Original Area	11/28/1978	01/01/2014	11/28/2021	11/28/2031	2030-31	$50,000,000	Combined w/2nd[2]	05/13/2011
1st Amendment (AB 1290 conformity)[3]	12/20/1994					N/A	N/A	N/A
Area Added by 2nd Amendment	04/13/1999	04/13/2019	04/13/2030	04/13/2045	2043-44	None	$75,000,000[2]	05/13/2011
Area Added by 3rd Amendment	06/24/2003	06/24/2023	06/24/2034	06/24/2049	2048-49	None	$50,000,000	07/24/2015[4]
Amendment (1-Year for Fiscal Year 2003-04 ERAF)[3]	10/03/2006							
Amendment (2-Year for Fiscal Years 2004-05 and 2005-06 ERAF)[3]	10/03/2006							

(1) The tax increment dollar limit shown applies to gross tax increment revenues.
(2) The bonded debt limit for the original redevelopment project area and the area added by the Second Amendment to the Arlington Redevelopment Plan is $75,000,000.
(3) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(4) Eminent domain time limit is twelve years from effective date of plan (versus from date of plan adoption, a 30 day difference).

Redevelopment Plan Limitations. The Arlington Redevelopment Plan establishes a gross tax increment limit of $50,000,000 for the Original Area (with no limit for other areas). In addition, the Arlington Redevelopment Plan establishes the final date to collect Tax Revenues from the Original Area, the 1999 Amendment Area and the Amendment No. 3 Area as November 28, 2031, April 13, 2045, and June 24, 2049, respectively. The Prior Agency and the Agency had cumulatively received $3,165,193 as of June 30, 2014.

The Fiscal Consultant Report set forth in Appendix A assumes that assessed values will grow at the rate of approximately 1.35% in Fiscal Year 2015-16 and 2% per annum beginning in Fiscal Year 2016-17. However, if assessed values were to grow at a future rate of 30% per annum, the Arlington Redevelopment Project Area would reach the cumulative tax increment limit in Fiscal Year 2030-31. Between Fiscal Years 2005-06 and 2014-15, assessed values in the Arlington Redevelopment Project Area grew by an average of approximately 2.4% per annum.

Top Taxpayers. See Table 3.1 in the Fiscal Consultant Report set forth in Appendix A for information with respect to the largest taxpayers within the Arlington Redevelopment Project Area for Fiscal Year 2014-15.

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—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 strong neighborhood and office employment base, a central location, the Riverside Plaza shopping center and several other businesses.

The Magnolia Center Redevelopment Project Area is substantially developed.

Redevelopment Plan; Redevelopment Plan Limitations.

Redevelopment Plan. The following table sets forth: (i) the adoption and amendment chronology for the Magnolia Center Redevelopment Project Area; and (ii) the redevelopment plan limits applicable to the Magnolia Center Redevelopment Plan.

		Current Limits						
Project/Amendment	***Date Adopted***	***Incur Debt***	***Plan Term***	***Receive Tax Increment***	***Fiscal Year***	***Tax Increment Limit***	***Bonded Debt Limit***	***Eminent Domain***
Magnolia Center Redevelopment Project Area								
Original Area	07/14/1998	07/14/2018	07/14/2029	07/14/2044	2043-44	None	$55,000,000	08/14/2010[(2)]
Amendment (1-Year for Fiscal Year 2003-04 ERAF)[(1)]	10/03/2006							
Amendment (2-Year for Fiscal Years 2004-05 and 2005-06 ERAF)[(1)]								

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) Eminent domain time limit is twelve years from effective date of plan (versus from date of plan adoption, a 30 day difference).

Redevelopment Plan Limitations. The Magnolia Center Redevelopment Project Area is not subject to a cumulative tax increment limit.

Top Taxpayers. See Table 3.3 in the Fiscal Consultant Report set forth in Appendix A for information with respect to the largest taxpayers within the Magnolia Center Redevelopment Project Area for Fiscal Year 2014-15.

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—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, Master Brand Cabinets, 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.

Redevelopment Plan; Redevelopment Plan Limitations.

Redevelopment Plan. The following table sets forth: (i) the adoption and amendment chronology for the Hunter Park/Northside Redevelopment Project Area; and (ii) the redevelopment plan limits applicable to the Hunter Park/Northside Redevelopment Plan.

		Current Limits						
Project/Amendment	***Date Adopted***	***Incur Debt***	***Plan Term***	***Receive Tax Increment***	***Fiscal Year***	***Tax Increment Limit***	***Bonded Debt Limit***	***Eminent Domain***
Hunter Park/Northside Redevelopment Project Area								
Original Area	06/24/2003	06/24/2023	06/24/2034	06/24/2049	2048-49	None	$115,000,000	07/24/2015[2]
Amendment (1-Year for Fiscal Year 2003-04 ERAF)[1]	10/03/2006							
Amendment (2-Year for Fiscal Years 2004-05 & 2005-06 ERAF)[1]	Not Eligible							
8th Amendment (merged with Downtown/Airport)	08/25/2009						No change	No change

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) Eminent domain time limit is twelve years from effective date of plan (versus from date of plan adoption, a 30 day difference).

Redevelopment Plan Limitations. The Hunter Park/Northside Redevelopment Project Area is not subject to a cumulative tax increment limit.

Top Taxpayers. See Table 3.2 in the Fiscal Consultant Report set forth in Appendix A for information with respect to the largest taxpayers within the Hunter Park/Northside Redevelopment Project Area for Fiscal Year 2014-15.

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—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 Walgreen's, Red Lobster, El Torito, Farrell's Ice Cream Parlor, Castle Park Amusement Park and LA Fitness as well as a Kaiser Permanente hospital.

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

Redevelopment Plan; Redevelopment Plan Limitations.

Redevelopment Plan. The following table sets forth: (i) the adoption and amendment chronology for the La Sierra/Arlanza Redevelopment Project Area; and (ii) the redevelopment plan limits applicable to the La Sierra/Arlanza Redevelopment Plan.

		Current Limits						
Project/Amendment	***Date Adopted***	***Incur Debt***	***Plan Term***	***Receive Tax Increment***	***Fiscal Year***	***Tax Increment Limit***	***Bonded Debt Limit***	***Eminent Domain***
La Sierra/Arlanza Redevelopment Project Area								
Original Area	07/13/2004							
1st Amendment (Delete Territory)	10/18/2005							
2nd Amendment (Delete Territory)	07/25/2006	07/13/2024	07/13/2034	07/13/2049	2048-49	None	$235,000,000	08/13/2016(2)
Amendment (1-Year for Fiscal Year 2003-04 ERAF)(1)								
Amendment (2-Year for Fiscal Years 2004-05 and 2005-06 ERAF)(1)								

(1) For more information regarding time limits applicable to redevelopment areas, see the caption "PROPERTY TAXATION IN CALIFORNIA—Redevelopment Time Limits."
(2) Eminent domain time limit is twelve years from effective date of plan adoption. In many instances, eminent domain is prohibited on single family residential properties.

Redevelopment Plan Limitations. The La Sierra/Arlanza Redevelopment Project Area is not subject to a cumulative tax increment limit.

Top Taxpayers. See Table 3.3 in the Fiscal Consultant Report set forth in Appendix A for information with respect to the largest taxpayers within the La Sierra/Arlanza Redevelopment Project Area for Fiscal Year 2014-15.

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—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 has outstanding debt in the aggregate principal amount of $85,000 that matures on February 1, 2018. However, such debt is not secured by a pledge of Tax Revenues from any of the Project Areas and payments on such debt are 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 and Debt Service Coverage

The Agency has retained DHA Consulting, LLC to provide projections of taxable valuation and Tax Revenues from developments in the Project Areas. The below projections reflect the existing redevelopment plan limitations for the Project Areas described under the caption "THE PROJECT AREAS" and assume approximately 1% growth in tax increment revenues in Fiscal Year 2015-16 and 2% annual growth in gross tax increment revenues beginning in Fiscal Year 2016-17 through the maturity of the Bonds. At such assumed growth rates, none of the Project Areas are projected to reach their cumulative tax increment limits prior to maturity of the Bonds. However, the time limits to receive tax increment revenues will elapse prior to the maturity of the Bonds for certain Project Areas or sub-areas. See the caption "THE PROJECT AREAS." 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 8
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Projected Tax Revenues (All Project Areas)

Fiscal Year	*Assessed Valuation*	*Base Year Valuation*	*Incremental Valuation*	*Gross Tax Revenue*	*County Administrative Charge*[1]	*Senior Pass-Through Agreements*[2]	*Breezewood Agreement*[3]	*Tax Increment Revenues Available for Debt Service on Senior Bonds and Bonds*[4]	*Senior Bonds*[5]	*Other Senior Obligations*[6]	*Tax Revenues*[7]
2014-15	$10,061,320,442	$4,023,636,038	$6,037,684,404	$61,084,844	$ 855,188	$7,622,763	$312,000	$52,294,893	$ 9,999,586	$2,215,190	$40,080,118
2015-16	10,160,002,072	4,023,636,038	6,136,366,034	62,071,660	869,003	7,670,973	312,000	53,219,684	9,970,984	3,353,925	39,894,775
2016-17	10,262,469,521	4,023,636,038	6,238,833,483	63,096,335	883,349	7,684,380	312,000	54,216,606	10,250,759	3,598,795	40,367,052
2017-18	10,456,142,780	4,023,636,038	6,432,506,742	65,033,067	910,463	7,836,278	312,000	55,974,327	10,220,018	1,549,802	44,204,507
2018-19	10,653,689,503	4,023,636,038	6,630,053,465	67,008,535	938,119	7,991,213	312,000	57,767,202	10,207,393	-	47,559,809
2019-20	10,855,187,161	4,023,636,038	6,831,551,123	69,023,511	966,329	8,149,248	-	59,907,934	10,500,407	-	49,407,527
2020-21	11,060,714,772	4,023,636,038	7,037,078,734	71,078,787	995,103	8,474,908	-	61,608,776	10,512,573	-	51,096,203
2021-22	11,270,352,935	4,023,636,038	7,246,716,897	73,175,169	1,024,452	8,642,454	-	63,508,263	11,022,118	-	52,486,144
2022-23	11,484,183,862	4,023,636,038	7,460,547,824	75,313,478	1,054,389	8,813,351	-	65,445,739	10,803,969	-	54,641,770
2023-24	11,702,291,407	4,023,636,038	7,678,655,369	77,494,554	1,084,924	8,987,666	-	67,421,964	10,998,543	-	56,423,422
2024-25	11,757,011,131	4,010,549,742	7,746,461,389	77,912,614	1,090,777	8,581,495	-	68,240,342	11,456,267	-	56,784,075
2025-26	11,980,738,233	4,010,549,742	7,970,188,491	80,149,885	1,122,098	8,752,535	-	70,275,252	12,423,907	-	57,851,345
2026-27	12,208,939,877	4,010,549,742	8,198,390,135	82,431,901	1,154,047	8,926,995	-	72,350,860	11,539,491	-	60,811,369
2027-28	11,780,546,432	3,967,372,610	7,813,173,822	78,501,738	1,099,024	7,082,396	-	70,320,317	12,807,492	-	57,512,826
2028-29	12,005,984,956	3,967,372,610	8,038,612,346	80,756,123	1,130,586	7,225,177	-	72,400,361	11,976,392	-	60,423,969
2029-30	11,528,730,937	3,940,937,858	7,587,793,079	76,177,931	1,066,491	6,598,414	-	68,513,026	10,106,616	-	58,406,410
2030-31	11,586,398,816	3,925,634,412	7,660,764,404	76,885,644	1,076,399	6,295,994	-	69,513,251	9,699,853	-	59,813,398
2031-32	11,780,927,367	3,921,865,308	7,859,062,059	78,864,621	1,104,105	6,424,087	-	71,336,429	9,572,677	-	61,763,753
2032-33	12,007,388,895	3,921,865,308	8,085,523,587	81,129,236	1,135,809	6,554,741	-	73,438,685	9,576,813	-	63,861,873
2033-34	11,925,871,978	3,895,578,840	8,030,293,138	80,551,931	1,127,727	5,752,752	-	73,671,453	9,627,125	-	64,044,328

(1) See the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Property Tax Administrative Costs."
(2) See the caption "SECURITY FOR THE BONDS—Senior Obligations—Senior Pass-Through Agreements."
(3) See the caption "SECURITY FOR THE BONDS—Senior Obligations—Other Senior Obligations—Breezewood Agreement."
(4) Gross Tax Revenue, less County Administrative Charge, less Senior Pass-Through Agreements and less Breezewood Agreement.
(5) See the caption "SECURITY FOR THE BONDS—Senior Obligations—Senior Bonds."
(6) 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."
(7) Tax Increment Revenues Available for Debt Service on Senior Bonds and Bonds, less Senior Bonds and less Other Senior Obligations.
Source: DHA Consulting, LLC; Stifel, Nicolaus & Company, Incorporated.

Debt Service Coverage

Set forth below is the estimated debt service coverage for the Bonds using Fiscal Year 2014-15 Tax Revenues assuming approximately 1% growth in tax increment revenues in Fiscal Year 2015-16 and 2% annual growth in gross tax increment revenues beginning in Fiscal Year 2016-17 through maturity.

Table 9
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Projected Tax Revenues by Project Area and Estimated Debt Service on the Bonds

	Tax Revenues Generated in each Project Area[1]								
Fiscal Year	*University Corridor/ Sycamore Canyon*	*Downtown/ Airport*	*Casa Blanca*	*Arlington*	*Magnolia Center*	*Hunter Park/ Northside*	*La Sierra/ Arlanza*	*Total Tax Revenues*	*Bond Debt Service*[2]
2014-15	$6,948,392	$6,962,915	$2,463,071	$3,569,992	$2,191,002	$6,213,158	$11,731,588	$40,080,118	$6,639,303
2015-16	6,928,309	7,044,068	2,547,339	3,687,684	2,258,241	6,354,837	11,074,299	39,894,775	6,631,670
2016-17	6,500,918	7,216,667	2,596,640	3,818,992	2,347,010	6,533,491	11,353,334	40,367,052	6,624,450
2017-18	6,678,245	7,373,222	2,678,071	4,027,494	2,470,845	6,821,296	14,155,334	44,204,507	6,640,090
2018-19	6,862,881	7,527,888	2,758,364	4,223,058	2,595,833	7,116,387	16,475,398	47,559,809	6,643,543
2019-20	7,027,210	7,722,927	2,835,631	4,403,711	2,724,773	7,418,881	17,274,395	49,407,527	6,786,038
2020-21	7,118,266	7,790,500	2,923,275	4,594,819	2,852,758	7,723,894	18,092,692	51,096,203	6,790,273
2021-22	7,297,006	7,438,067	3,007,368	4,786,163	2,990,134	8,036,797	18,930,610	52,486,144	6,197,160
2022-23	7,481,430	7,815,757	3,093,621	4,983,112	3,126,660	8,357,713	19,783,476	54,641,770	6,191,270
2023-24	7,676,613	7,788,153	3,181,587	5,180,742	3,262,684	8,681,768	20,651,874	56,423,422	5,894,050
2024-25	7,972,379	6,351,190	3,116,791	5,384,427	3,408,554	9,014,338	21,536,396	56,784,075	5,009,500
2025-26	8,178,165	6,516,952	2,225,363	5,588,639	3,549,033	9,355,556	22,437,638	57,851,345	3,840,500
2026-27	8,368,924	7,570,972	2,307,157	5,800,990	3,699,670	9,701,127	23,362,530	60,811,369	3,264,750
2027-28	7,316,382	3,594,280	2,388,529	6,013,593	3,850,395	10,050,413	24,299,233	57,512,826	2,055,000
2028-29	7,525,429	4,581,803	2,475,809	6,162,094	4,001,490	10,413,778	25,263,566	60,423,969	1,984,750
2029-30	7,740,462	3,101,161	-	6,389,728	4,158,241	10,781,137	26,235,680	58,406,410	1,984,000
2030-31	7,309,990	3,169,701	-	6,618,434	4,325,780	11,152,859	27,236,635	59,813,398	1,249,250
2031-32	7,513,011	3,234,572	-	6,739,921	4,484,012	11,534,841	28,257,395	61,763,753	1,247,000
2032-33	7,721,594	3,306,021	-	6,974,587	4,648,704	11,922,208	29,288,760	63,861,873	1,252,250
2033-34	7,872,378	1,467,320	-	7,210,916	4,821,464	12,320,362	30,351,888	64,044,328	829,500

(1) Tax Revenues consist of the amounts deposited in the Redevelopment Property Tax Trust Fund, excluding: (i) amounts required to make payments on the Senior Obligations described under the caption "SECURITY FOR THE BONDS—Senior Obligations;" 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." See Tables 8.1 to 8.7 in the Fiscal Consultant Report set forth in Appendix A for the calculation of Tax Revenues for each Project Area on an individual basis.

(2) Reflects debt service on 2014A Bonds and 2014B Bonds payable in calendar year that begins in such Fiscal Year.

Source: DHA Consulting, LLC; Stifel, Nicolaus & Company, Incorporated.

Table 10
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
Estimated All-In Debt Service Coverage (Senior Bonds and Bonds)

Fiscal Year	*Tax Increment Revenues Available for Debt Service on Senior Bonds and Bonds*[(1)]	*Senior Bonds*[(2)]	*Other Senior Obligations*[(3)]	*Tax Revenues Generated from Project Areas*[(4)]	*Bonds*[(5)]	*Total Payments For All-In Debt Service Coverage Calculation*[(6)]	*All-In Debt Service Coverage*[(7)]
2014-15	$52,294,893	$ 9,999,586	$2,215,190	$40,080,118	$6,639,303	$18,854,078	2.77
2015-16	53,219,684	9,970,984	3,353,925	39,894,775	6,631,670	19,956,579	2.67
2016-17	54,216,606	10,250,759	3,598,795	40,367,052	6,624,450	20,474,004	2.65
2017-18	55,974,327	10,220,018	1,549,802	44,204,507	6,640,090	18,409,910	3.04
2018-19	57,767,202	10,207,393	-	47,559,809	6,643,543	16,850,935	3.43
2019-20	59,907,934	10,500,407	-	49,407,527	6,786,038	17,286,445	3.47
2020-21	61,608,776	10,512,573	-	51,096,203	6,790,273	17,302,846	3.56
2021-22	63,508,263	11,022,118	-	52,486,144	6,197,160	17,219,278	3.69
2022-23	65,445,739	10,803,969	-	54,641,770	6,191,270	16,995,239	3.85
2023-24	67,421,964	10,998,543	-	56,423,422	5,894,050	16,892,593	3.99
2024-25	68,240,342	11,456,267	-	56,784,075	5,009,500	16,465,767	4.14
2025-26	70,275,252	12,423,907	-	57,851,345	3,840,500	16,264,407	4.32
2026-27	72,350,860	11,539,491	-	60,811,369	3,264,750	14,804,241	4.89
2027-28	70,320,317	12,807,492	-	57,512,826	2,055,000	14,862,492	4.73
2028-29	72,400,361	11,976,392	-	60,423,969	1,984,750	13,961,142	5.19
2029-30	68,513,026	10,106,616	-	58,406,410	1,984,000	12,090,616	5.67
2030-31	69,513,251	9,699,853	-	59,813,398	1,249,250	10,949,103	6.35
2031-32	71,336,429	9,572,677	-	61,763,753	1,247,000	10,819,677	6.59
2032-33	73,438,685	9,576,813	-	63,861,873	1,252,250	10,829,063	6.78
2033-34	73,671,453	9,627,125	-	64,044,328	829,500	10,456,625	7.05

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(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 debt service on Senior Bonds. See the caption "SECURITY FOR THE BONDS—Senior Obligations—Senior Bonds."

(3) 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."

(4) Reflects Tax Increment Revenues Available for Debt Service on Senior Bonds and Bonds (as described in Footnote 1) less debt service on Senior Bonds and less payments on other Senior Obligations with the exception of the Breezewood Agreement.

(5) Reflects debt service on 2014A Bonds and 2014B Bonds payable in calendar year that begins in such Fiscal Year.

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

(7) Tax Increment Revenues Available for Debt Service on Senior Bonds and Bonds divided by Total Payments For All-In Debt Service Coverage Calculation.

Source: Stifel, Nicolaus & Company, Incorporated.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The various legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

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. For certain areas within such Project Areas, the last date to receive tax increment revenues occurs before the maturity of the Bonds. Bonds that mature after such date will not be secured by tax increment revenues derived from areas within 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 for which the time period to receive tax increment revenues has passed.

Additionally, 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. Based on the inflationary assumptions used, the Fiscal Consultant does not project that any of the cumulative tax increment limits will be reached prior to the final maturity of the Bonds. However, as described under the caption "THE PROJECT AREAS," certain cumulative tax increment limits may be reached if growth rates are in excess of those assumed by the Fiscal Consultant.

See the captions "THE PROJECT AREAS—The University Corridor/Sycamore Canyon Merged Redevelopment Project Area—Redevelopment Plan; Redevelopment Plan Limitations," "THE PROJECT AREAS—The Downtown/Airport Merged Redevelopment Project Area—Redevelopment Plan; Redevelopment Plan Limitations," "THE PROJECT AREAS—The Casa Blanca Redevelopment Project Area—Redevelopment Plan; Redevelopment Plan Limitations" and "THE PROJECT AREAS—The Arlington Redevelopment Project Area—Redevelopment Plan; Redevelopment Plan Limitations."

The Agency currently estimates that it will have sufficient tax increment revenues to pay the principal of and interest on the Bonds. However, there can be no assurance that the actual amount of tax increment revenues received will be as set forth in the Agency's projections. See the caption "TAX REVENUES" and Appendix A.

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 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.

As described in greater detail under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIIIA of the State Constitution," Article XIIIA 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 (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.

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 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 Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or 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.

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 generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, 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 and floods), which may result in uninsured losses. 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.

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.

Reduction in Inflation Rate

As described in greater detail below, Article XIIIA 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 XIIIA 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 XIIIA 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.

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 2014-15)" 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 the risks 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 set forth in the Fiscal Consultant Report and under the caption "TAX REVENUES" including projections of Tax Revenues from newly completed developments and developments that are currently under construction, but do not assume other future development within the Project Areas.

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," under its current policies, 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 policies 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

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 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 (then projected savings of $1.5 billion). There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Tax Revenues.

On June 20, 2014, the Governor signed into law the State budget for fiscal year 2014-15 (the "2014-15 Budget"). The following information is drawn from the State Department of Finance's summary of the 2014 15 Budget. The 2014-15 Budget is based on revenue projections previously included in the Governor's May revision to the proposed budget for fiscal year 2014-15. For fiscal year 2013-14, the 2014-15 Budget projects total State general fund revenues of $102.2 billion, and total State general fund expenditures of $100.7 billion. The 2014-15 Budget projects that the State will end the 2013-14 fiscal year with a $2.9 billion general fund surplus. For fiscal year 2014-15, the 2014-15 Budget projects total State general fund revenues of $109.4 billion and total State general fund expenditures of $108 billion, leaving the State with a projected general fund surplus for fiscal year 2014-15 of approximately $1.4 billion. This projected reserve is a combination of $449 million in the State's general fund traditional reserve, and an authorized deposit of $1.6 billion into the Budget Stabilization Account established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

The full text of each Assembly Bill cited above 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. Text of the 2014-15 Budget and other documents related to the State budget may be found at the website of the State Department of Finance, www.dof.ca.gov. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov.

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. 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 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 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 six-month period, 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 January 2 or June 1 distribution dates, as applicable. See the caption "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 six-month period, the availability of Tax Revenues to the Agency could be adversely affected for such period.

In the event that 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 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;

(ii) second, on each January 2 and June 1, 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, on each January 2 and June 1, to the Agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in 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. However, 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 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 Successor 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 Reserve Account, in order to maintain in the Reserve Account the amount of the Reserve Requirement. See Appendix B.

AB 1484 also adds new provisions to the Dissolution Act implementing certain penalties in the event that the Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. 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 no later than 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. 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 the schedule is not submitted to the DOF. Additionally, the Agency’s administrative cost allowance is reduced by 25% if the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

The estimated cash flow under the 2015 Recognized Obligation Payment Schedules 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 prior to October 1, 2014, while the actual 2014/2015B Recognized Obligation Payment Schedule submitted to the Oversight Board for approval on October 1, 2014 includes scheduled debt service on the Refunded Bonds rather than the Bonds.

Table 11
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
2015 ESTIMATED RECOGNIZED OBLIGATION PAYMENT SCHEDULES

Fiscal Year	*Total*	*Spring (2014-2015B) 1/2/2015*	*Fall (2015-2016A) 6/1/2015*
Gross Tax Revenues (Based on Fiscal Year)			
Tax Increment	$60,376,844		
Unitary Revenue	708,000		
Total Gross Tax Revenues	$61,084,844	$30,542,422	$30,542,422
Deductions			
Property Tax Administrative Fee	$ 855,188	$ 427,594	$ 427,594
AB 1290 Tax Sharing Payments	7,622,763	3,811,381	3,811,381
Breezewood Agreement[(1)]	312,000	120,000	192,000
Total Deductions	$ 8,789,951	$ 4,358,975	$ 4,430,975
Tax Increment Revenues Available for Debt Service on Senior Obligations and Bonds	$52,294,893	$26,183,447	$26,111,447
Senior Obligations		*Senior Obligations*	
Senior Bonds (Bond Year Ending August 1, 2015)	$ 9,999,586	$ 9,999,586	$ 0
Other Senior Obligations			
SERAF Payment (La Sierra/Arlanza)	$ 1,780,000	$ 0	$ 1,780,000
SERAF Loan (Arlington)	22,000	0	22,000
Property Maintenance/Disposition (La Sierra/Arlanza)	82,000	41,000	41,000
Tyler Galleria Agreement (La Sierra/Arlanza)	331,190	165,595	165,595
	$ 2,215,190	$ 206,595	$ 2,008,595
Total Senior Obligations	$12,214,776	$10,206,181	$ 2,008,595
Tax Revenues	$40,080,118	$15,977,266	$24,102,853
Subordinate Obligations		*Subordinate Obligations*	
2014A Bonds	$ 6,434,569	$ 3,041,244	$ 3,393,325
2014B Bonds	204,734	99,529	105,205
Total Subordinate Obligations	$ 6,639,303	$ 3,140,773	$ 3,498,530
Remaining for Other Obligations	$33,440,815	$12,836,493	$20,604,322

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

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—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 amended or added territory between the years 1983 to 1994. See the caption "THE CASA BLANCA REDEVELOPMENT PROJECT AREA—Tax Sharing Obligations—Pass-Through Agreements" for a discussion of a Pass-Through Agreement with RCFCWCD that could be affected by the ruling in the Santa Ana USD Case in the future.

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," under its current policies, 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 such policies 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 percentage of taxes collected. 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 available to pay debt service on the Bonds will be less than those projected and such reduced Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the 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. Further, 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.

Further, it is possible that liabilities may arise in the future with respect to any of the taxable parcels resulting from the existence, currently, on the parcel of a substance 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 not presently classified as hazardous but which may in the future be so classified. Further, 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 a taxable parcel that is realizable upon a delinquency.

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. 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 and could affect the ability or willingness of the property owners to pay the property taxes.

The City, like most communities in California, is an area of unpredictable seismic activity, and therefore, is subject to potentially destructive earthquakes. Faults capable of producing earthquakes 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.

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 resulting in a reduction of 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.

Further, 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 Bondowners on a timely basis. See the caption "CONCLUDING INFORMATION—Continuing Disclosure" and Appendix H. 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 August 10, 2014.

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 providing 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 issues 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 timely pay debt service on the Bonds.

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 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 Bonds, the City and the Agency have covenanted in the Indenture and the Tax Certificate relating to the 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 Bonds under Section 103 of the Internal Revenue Code of 1986, as amended. Interest on the 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 City or the Agency subsequent to the issuance of the Bonds in violation of such covenants with respect to the Bonds. Should such an event of taxability occur, the 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.

Bonds Are Limited Obligations

Neither the faith and credit nor the taxing power of the Agency (except to the limited extent set forth in the Indenture), 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," under its current policies, 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 policies 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 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. Additionally, 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, equity 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."

TAX MATTERS

2014A Bonds

General. 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 2014A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in this paragraph are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986 (the "Tax Code") that must be satisfied subsequent to the issuance of the 2014A Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2014A Bonds.

California Tax Status. In the opinion of Bond Counsel, interest on the 2014A Bonds is exempt from California personal income taxes.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a 2014A Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each 2014A 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 is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2014A Bonds on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2014A Bond to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2014A Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2014A Bonds who purchase the 2014A Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2014A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2014A 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 2014A Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2014A Bond (said term being the shorter of the 2014A 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 2014A Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2014A Bond is amortized each year over the term to maturity of the 2014A 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 2014A Bond premium is not deductible for federal income tax purposes.

Owners of Premium 2014A 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 2014A Bonds.

Form of Bond Counsel Opinions. At the time of issuance of the Bonds, Bond Counsel expects to deliver an opinion for the 2014A Bonds in substantially the form set forth in Appendix C.

Owners of the 2014A Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2014A Bonds other than as expressly described above.

To ensure compliance with the requirements imposed by the Internal Revenue Service, purchasers and Owners of the 2014A Bonds should be aware that any federal income tax advice contained in this Official Statement (including the Appendices hereto) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Tax Code, or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

2014B Bonds

The interest on the 2014B Bonds is not intended by the Agency to be excluded from gross income for federal income tax purposes. However, in the opinion of Bond Counsel, interest on the 2014B Bonds is exempt from California personal income taxes. The proposed form of opinion of Bond Counsel with respect to the 2014B Bonds to be delivered on the date of issuance of the Bonds is set forth in Appendix C.

Owners of the 2014B Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2014B Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2014B Bonds other than as expressly described above.

CONCLUDING INFORMATION

Underwriting

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") pursuant to a Bond Purchase Agreement, dated September 24, 2014 (the "Purchase Agreement"), by and between the Underwriter and the Agency. The Underwriter has agreed to purchase the Bonds at a price of $72,012,179.10 (being the aggregate principal amount thereof, plus an original issue premium of $9,389,541.60 and less an Underwriter's discount of $357,362.50). 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.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Agency and the City, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Agency.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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 2014A 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 Underwriter's Counsel, for the Agency by the City Attorney of the City of Riverside, as counsel to the Agency, 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.

Legality for Investment in California

The Redevelopment Law provides that obligations authorized and issued under the Redevelopment Law will be legal investments for all banks, trust companies and savings banks, insurance companies, and various other financial institutions, as well as for trust funds. The Bonds are also authorized security for public deposits under the Redevelopment Law.

The State Superintendent of Banks has previously ruled that obligations of a redevelopment agency are eligible for savings bank investment in California.

Ratings

S&P has assigned a rating of "AA-" to the Bonds. There is no assurance that the credit rating given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P.

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 nine months following the end of the Agency's Fiscal Year (currently its Fiscal Year ends on June 30) (the "Annual Report"), commencing with the report for Fiscal Year ending June 30, 2014, 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, 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 H. 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.

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.

Miscellaneous

All of the preceding summaries of the Indenture, the Bond Law, the Dissolution Act, the Redevelopment Law, other applicable legislation, the Redevelopment Plan 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 made in this Official Statement involving 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: /s/Scott C. Barber
City Manager

APPENDIX A

FISCAL CONSULTANT REPORT

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Redevelopment Agency
of the City of Riverside
Multiple Redevelopment
Project Areas

Fiscal Consultant Report

August 15, 2014
Revised September 3, 2014

Prepared By:

DHA Consulting, LLC
Long Beach, California
(562) 426-1150

Successor Agency of the
City of Riverside
Multiple Redevelopment Project Areas
Fiscal Consultant Report

Section A - Introduction

The Successor Agency of the City of Riverside (Agency or Successor Agency) is proposing to issue refunding tax allocation bonds to be secured by former tax increment revenues from all of its redevelopment project areas (the Project Areas) with the exception of the Eastside Project Area which expired in accordance with its redevelopment plan. The proposed bonds are intended to hold a subordinate lien on tax revenues after certain senior obligations and debt service on outstanding bonds that will not be refunded are satisfied. In connection with the proposed financing, the Agency has retained DHA Consulting, LLC to conduct a review of assessed values and prepare a projection of future tax increment revenues for the Project Areas. This report summarizes the findings of that review.

Prior law authorized the Agency to receive that portion of property tax revenue generated from the increase of the current year Project Areas taxable values over the taxable values that existed at the time of the Project Areas' adoption. This portion of property tax revenue is referred to as tax increment revenue. The law provided that the tax increment revenue may be pledged by redevelopment agencies for the repayment of redevelopment project area indebtedness. In 2011, redevelopment agencies were dissolved although their successors, successor agencies, are allowed to continue to receive former tax increment revenue to repay debt and can issue new bonds, with the approval of the state, to refund existing bonds under certain circumstances. Please see Section B, Redevelopment Dissolution Act, for more information about the dissolution of redevelopment agencies.

This Fiscal Consultant Report will present an examination of valuations and tax collections and a projection of future tax increment revenues for the Project Areas. The projections are based on assumptions determined by a review of the taxable value history of the Project Areas; factors which will likely change taxable value such as new construction; and the property tax assessment and property tax apportionment procedures of Riverside County. This report was prepared primarily in May 2014 and updated in July and early August 2014 and is therefore based on the assessed value and appeal information as available during that timeframe.

This report is organized into the following sections:

A. Introduction
B. Redevelopment Dissolution Act
C. The Project Areas
D. Taxable Values and Revenues
E. Assessment Appeals
F. Tax Allocation and Disbursement
G. Tax Increment Projections
H. Agency Obligations
I. La Sierra and Auto Center Expenditures

Section B – Redevelopment Dissolution Act

In December 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al., v. Matosantos, et al.* The Court upheld the right of the state of California (State) to dissolve redevelopment agencies pursuant to AB 26, which had been passed by the legislature and signed by the governor in June 2011. Based on modified time lines approved by the Court, all redevelopment agencies in the State, including the Redevelopment Agency of the City of Riverside (Redevelopment Agency), were dissolved effective February 1, 2012. The City of Riverside has assumed the role of Successor Agency, which is a separate legal entity from the City, and is charged with winding down the affairs of the Redevelopment Agency and to make payments due on enforceable obligations, as defined in the Dissolution Act.

Under the Dissolution Act, tax increment is no longer deemed to flow directly to the Successor Agency. Rather, all funds are considered property taxes. The requirement to deposit a portion of the tax increment into a low and moderate income housing fund has been interpreted to not be required. The Dissolution Act allows the Agency to issue refunding bonds so long as the refunding results in debt service savings. The Agency is authorized to pledge the property tax revenues that were formerly tax increment revenues to secure repayment of the refunded bonds.

The County Auditor-Controller is required to determine the amount of property taxes that would have been allocated to each redevelopment agency had such agencies not been dissolved. All former tax increment monies go into a Redevelopment Property Tax Trust Fund (Trust Fund or RPTTF) which is held and controlled by the County Auditor-Controller. References in this report to tax increment indicate property taxes that are deposited to the RPTTF.

Under the Dissolution Act, the money in the Trust Fund will be applied in the following sequence:

1. Allocate to the County property tax administrative fees and other costs needed to implement the Dissolution Act.
2. Pay all pass-through payments to the taxing entities. The Project Areas have an obligation to make payments required pursuant to former Section 33401, and Sections 33607.5 and 33607.7 of the Community Redevelopment Law (CRL).
3. Pay obligations required per the approved Recognized Obligation Payment Schedule (ROPS), including debt service on the Bonds.
4. Pay the administrative allowance, which goes to the Successor Agency to be used to wind down the affairs of the Agency.
5. Distribute the balance to the taxing entities pursuant to Sections 34183 and 34188 of the Dissolution Act.

In the event that revenues in the Trust Fund are anticipated to be insufficient to meet Agency debt service on the obligations that are senior to the pass through payments to the taxing entities, the Agency can notify the County Auditor Controller which is authorized to deduct funds required for bond debt service from the subordinate pass through payments to taxing entities with pass through payments that are subordinate to the Bonds, but only to the extent that the amounts remaining to be distributed to taxing entities under 5 above and the Agency's administrative allowance distributed under 4 above have been exhausted.

The allocations from the Trust Fund take place in two six month installments in January and June of each year. The Successor Agency prepares a forward looking ROPS to cover the subsequent six month period. Once approved by the Oversight Board and the state Department of Finance (DOF), the County Auditor-Controller releases the Trust Fund revenues to pay for the obligations on the ROPS. By way of illustration, funds released in June 2013 generally reflect property taxes that were collected during the period from January through May 2013. The approved ROPS will cover costs that are paid during the period from July through December 2013. Any excess Trust Fund revenue not needed to meet the various obligations shown in items one through four above would be allocated to the taxing entities as residual distributions.

The six month allocation system contained in the Dissolution Act can conflict with Bond Indentures since taxes are paid semi-annually in more or less equal installments and semi-annual debt service payments during a Bond Year are not equal as interest is paid in both semi-annual installments but principal is paid only annually. Interest payments on the proposed Bonds are made in March of each year, while principal and interest payments are made in September. All ROPS payments are subject to approval by DOF. A successor agency may dispute DOF's conclusions on a ROPS filing, with such dispute addressed in a "meet and confer" process, as outlined in the Dissolution Act, between DOF and the successor agency.

Section C – The Project Areas

This Report covers the following Project Areas: Arlington; Casa Blanca; Merged Downtown/Airport; Hunter Park/Northside; La Sierra/Arlanza; Magnolia Center; and University Corridor/Sycamore Canyon. The Merged Downtown/Airport Project Area consists of two previously separate redevelopment project areas, the Riverside Mall and White Park Redevelopment Project (the "Downtown Project Area") and the Airport Industrial Redevelopment Project (the "Airport Project Area"). These latter two Project Areas were merged in 1990 under allowable provisions of the CRL (Section 33486 et. seq.) In 2009, Hunter Park/Northside was merged with the Downtown/Airport Project, thereby creating a large merged area. This report presents information for the Hunter Park/Northside Area separately from the Downtown/Airport. In 1997, the Agency added territory to the Project Area now known as University Corridor (the "University Corridor Project Area") and the Sycamore Canyon Project Area (the "Sycamore Canyon Project Area") and then merged them to form the University Corridor/Sycamore Canyon Redevelopment Project Area. (The University Corridor Project Area was formerly known as Central Industrial.) The other Project Areas involved in the proposed financing are individual Project Areas and are not part of any merged project.

Over time, territory was added to both of the Merged Project Areas as well as the Arlington Project Area. As a result, each of these Project Areas has a number of added areas or subareas. This Report may make reference to one or more of the various subareas based on the reporting categories used by the County. A summary of the references used in this Report is as follows:

Report Reference	Description
Arlington Project	**Project Area with all subareas**
• Arlington Original	• 1978 adoption of Arlington Project
• Arlington 1999 Annex	• Area added in 1999
• Arlington 2003 A-D Annex	• Area added in 2003 without restrictions
• Arlington 2003 E & F Annex	• Area added (Auto Center) in 2003
Casa Blanca	**Project Area**
• No Subareas	
Merged Downtown/Airport	**Project Area with all subareas**
• Downtown Original	• 1971 adoption and area added in 1972
• Downtown 1975 Annex	• Area added in 1974 and 1975
• Downtown 1985 Annex	• Area added in 1984
• Airport Original	• 1976 adoption of the Airport Project
• Airport 1980 Annex	• Area added in 1980
• Airport 1985 Annex	• Area added in 1984

Report Reference (Continued)	Description
Hunter Park/Northside	**Individual Project Area**
• No Subareas	• (Merged with Downtown/Airport in 2009)
La Sierra/Arlanza	**Individual Project Area**
• No Subareas	
Magnolia Center	**Individual Project Area**
• No Subareas	
UC/Sycamore Canyon Merged	**Project Area with all subareas**
• University Corridor Original	• 1977 adoption of University Corridor
• University Corridor 1985 Annex	• Area added in 1984
• University Corridor 1998 Annex	• Area added in 1997
• Sycamore Canyon Original	• 1983 adoption of Sycamore Canyon
• Sycamore Canyon 1998 Annex	• Area added in 1997

It should be noted that in the Downtown/Airport Project Area, the Riverside County Assessor only reports data on a segregated basis with respect to the Downtown Original Area, the 1975 Annex and the 1985 Annex; it does not separately report data with respect to the 1972 Annex or the 1974 Annex.

Assessed Value by Land Use

In aggregate, the Project Areas consists of over 16,000 acres in various locations around the City of Riverside. Major uses include commercial, residential and industrial land uses. Many of the industrial uses in the Project Areas represent heavy industrial uses with significant levels of taxable equipment and personal property. A summary of assessed values among the various types of land uses in the aggregate is shown below. Information for each Project Area individually is attached to this report as Table 1.1.

Table 1.0
Multiple Project Areas
Land Use Value Distribution (1)

Category	No. of Parcels	2014-15 Value	% of Total
Residential	18,653	4,025,185,461	40.01%
Commercial	1,891	2,887,889,579	28.70%
Industrial	886	1,828,797,546	18.18%
Recreational	12	33,989,629	0.34%
Institutional	112	71,341,754	0.71%
Vacant Land	1,607	239,247,673	2.38%
SBE (1)	12	131,859	0.00%
Cross Reference (1)	952	57,782,902	0.57%
Unsecured (1)	3,852	837,406,495	8.32%
Misc/Unknown	16	79,547,544	0.79%
Total	**23,177**	**10,061,320,442**	**100.00%**

(1) The total shown above under “No. of Parcels” excludes the totals for the SBE (state assessed property), Cross Reference and Unsecured assessments as they represent duplicate parcel counts.

Plan Limitations

Redevelopment Plans are required to contain certain time and revenue limits. The current time limits for each of the applicable components of the Project Areas are as shown in the enclosed Table 2.0.

Major Taxpayer

The major taxpayers in each Project Area are summarized on Tables 3.1 to 3.4. Each Project Area has different types of major taxpayers and different concentration levels. The following table shows the major taxpayers across all of the Project Areas.

Table 3.0
Multiple Project Areas
Major Taxpayers 2014-15

Assessee Name	**Project Area**	**Predominant Use**	**2014-15 Value**	**% of Total Value**
Tyler Mall Limited Partnership (1)	La Sierra	Shopping Center	194,240,796	1.93%
Riverside Healthcare System (1)	Downtown/1975	Hospital	132,457,413	1.32%
La Sierra University /College (1)	La Sierra	Res/Comm/Vacant	116,298,187	1.16%
Rohr Inc.(1)	Airport/1985	Industrial	97,904,027	0.97%
Advance Group 13 107 (1) (2)	La Sierra	Residential Apartments	96,578,500	0.96%
State Street Bank and Trust (1) (3)	Sycamore/Original	Food Distr.Facility	84,999,998	0.84%
Vestar Riverside Plaza LLC (4)	Magnolia Center	Shopping Center	75,294,606	0.75%
Edgemont Community Services Dist (1)	Sycamore	Industrial	60,202,798	0.60%
Sterling Riverside 2 (1)	Hunter Park	Residential Apartments	52,909,462	0.53%
Riverside Sycamore (1)	Sycamore/Original	Industrial	52,344,810	0.52%
		TOTAL MAJORS	**963,230,597**	**9.57%**
% of Aggregate Incremental Value				**15.95%**

1. These properties have assessment appeals outstanding.
2. Previous owners include JSP Corporate Pointe and BRE Properties.
3. Excludes $33 million in unsecured value at the same location with an assessee of Ralph's Grocery Company.
4. Formerly Riverside Plaza.

Two of the larger assessees are in the La Sierra Project Area include a regional shopping mall, the Galleria at Tyler, owned by the Tyler Mall Limited Partnership, and taxable property held by La Sierra University/College. In addition to owning the university campus and related uses which are largely tax exempt, La Sierra University/College also owns, or co-owns, recently constructed luxury apartments, some vacant land and some commercial uses near the campus. The Galleria at Tyler, originally a one story shopping mall, added a second story and Nordstrom's in the early 1990's and more recently added movie theaters and additional destination restaurants, such as the Cheesecake Factory and PF Chang's.

The second and fourth largest assessees are in the Merged Downtown/Airport Project and include Riverside Healthcare System in the Downtown Project at $132.5 million and the Rohr property in the Airport Project at $97.9 million. Riverside Healthcare is a hospital facility, Riverside Community Hospital, which was tax exempt in years prior to 1999, when the property transferred ownership. Riverside Community Hospital is a level two trauma center, provides emergency room services and has approximately 370 beds.

The Rohr property is the property assessee for a UTC Aerospace Systems facility located in the Airport 1985 Annex area near the local airport. UTC Aerospace Systems was formed in August 2012 by combining two companies: Goodrich Corporation and Hamilton Sundstrand. Rohr had been acquired by the Goodrich Corporation in 1997 although it remained separately incorporated. The value of the Rohr holdings decreased from prior assessments as a result of reductions in value for fixtures and personal property.

The fifth largest assessee is a large apartment complex located in the La Sierra Project Area. It is comprised of multiple low rise buildings spanning over several blocks. The property was originally owned by BRE Properties, then JSP Corona Pointe, LLC and is currently owned by Advance Group. The assessed value for the property increased by $10 million after a 2013 sale to the Advance Group.

Most of the major assessments are under appeal, which is not uncommon for properties with large valuations and hence large tax bills.

Section D – Taxable Values and Historical Revenues

Taxable Values

Real property consists of land and improvements and can either appear on the secured or the unsecured roll. The secured roll includes property on which the property tax levied becomes a lien on the property to secure the payment of taxes. Unsecured property does not become a lien on such property, but may become a lien on other property of the taxpayer.

Locally assessed real property is subject to the provisions of Article XIII A of the California Constitution, commonly referred to as Proposition 13. Under Proposition 13, property is valued based either on its value in 1975-76 or, if newly constructed or sold after this date, then on the full cash value of the property at that time. Property values may only increase annually by an inflation factor of up to 2 percent annually. The Proposition 13 value of property is sometimes referred to as the factored base year value. Pursuant to Section 51 (b) of the Revenue and Taxation Code, assessors must enroll the lesser of the market value or the factored base year value of property.

Personal property values can be classified as either secured or unsecured property. Personal property is not subject to the provisions of Proposition 13. Such property is annually appraised at the full cash value of the property.

State-assessed property is also not subject to the provisions of Proposition 13. State-assessed property is categorized as secured and is either unitary or non-unitary property. Since 1987-88, the value of unitary property has been reported on a county-wide basis, with unitary revenues allocated to taxing entities and redevelopment projects pursuant to a formula contained in AB 454. State-assessed non-unitary values and railroad values are reported at the local situs level.

Inflationary Growth under Proposition 13

Under Proposition 13, the value for real property values (land and improvements) are fixed at the amount assigned at the time of sale or new construction. Growth in value after that initial assignment is restricted to the amount of annual inflation up to a 2.0 percent cap. If the existing taxable value of a property already equals the current market value, however, the application of an inflation factor is not allowed. The rate of inflation that can be applied is determined by the consumer price index from October to October each year. For the 2013-14 fiscal year, the increase in the index was 3.08 percent, meaning the full 2.0 inflation factor was used, while for the 2014-15 fiscal year the inflation rate reported by the State Board of Equalization was 0.454 percent.

Assessed Values and the Real Estate Market

Assessed values are impacted, at least indirectly, by the general economy and real estate market conditions. As discussed above, only properties that sell or undergo new construction are qualified to be revalued for property tax purposes. As such, increases in the real estate values only affect properties that transfer ownership or experience new construction. When the real estate market declines, however, the law provides that the Assessor must enroll the lower value for impacted properties, at least until such time as the real estate market improves. See the "Automatic Assessment Appeals" section below for additional information on these types of reductions.

The real estate market in southern California experienced some steep declines in the values for residential, commercial and other types of property starting in 2007. By 2009, the median sales prices for single family homes in the City of Riverside had declined by nearly 70 percent from sales prices that were achieved in 2006. The median sales price for single family residential properties within the City overall peaked in 2006 at about $420,000, declined to as low as $180,000 in 2009 but was $255,000 for the 2013 calendar year. The median sales price for single family homes for the first half of 2014 (through June 2014) equals $280,000, a 9.8 percent increase over 2013 levels, The historical median sales prices of single family homes in the City of Riverside and the year to year changes in value are summarized in the attached Table 4.0.

Starting in 2007-08, assessed values for a number of properties in the County, including the City of Riverside, were reduced by the County Assessor to reflect the lower market values for real estate. The impacts of these reductions by the County were greatest for residential properties, but commercial and industrial properties also experienced market declines and assessed value reductions. See the "Project Area Value Trends" section below for additional information. In the Project Areas, residential reductions were largely offset by new industrial and residential apartment construction and increases in other types of properties. See Project Area Value Trends below for more information on the specific assessed value changes in the Project Areas.

Project Area Value Trends

The values reported by the County for the Project Areas in each of the last 5 years are summarized in Table 5.0 below. A ten-year history of taxable values for the Project Areas is enclosed to the rear of the report as Table 5.1. Project Area values are initially reported by the County in July and then are generally updated in August and again in October each year. The 2014-15 values shown below are as reported by the County in August, 2014.

As shown in Table 5.1, assessed values for the Project Areas dropped in 2010-11 from prior year levels but then remained fairly constant until 2013-14 when values increased by 2 percent. In addition to appeals and property sales at less than existing values, the acquisition of a $28.8 million property in the Downtown Project Area by the County of Riverside served to reduced values reported for 2010-11 over prior year levels.

Values for 2014-15 represent a 5.2 percent increase over the values reported for 2013-14. The values actually reported reflect the 0.45 percent inflation factor as well as the impact of appeals, property transfers and some new construction activity. The major reason for the increase in 2014-15 is increases in the value of residential parcels through the restoration of previously reduced Proposition 8 appeals as well as, to a lesser extent, property transfers. Over 70 percent of the increase for 2014-15 was tied to residential properties, single family homes as well as condominiums and apartments.

For fiscal 2014-15, only the Merged Downtown/Airport Project Area declined in value. In the Downtown Project Area, the small decline in 2014-15 is largely the result of a $5 million increase in the amount of exemptions for secured property. An increase in the amount of exemptions is likely the result of property owner(s) eligible for tax exemptions filing late for such exemptions thereby not being included in the assessed values reported for the Project Area by the County for the previous year. In the Airport Project Area exemptions also increased by $3 million and several appeals were resolved with assessed value reductions equal to about $3 million, but the primary reason for the decline is a $10.8 million value reduction for Rohr (discussed below).

Table 5.0
Historical Taxable Values
Multiple Project Areas
000's omitted

Project Area	2010-11	2011-12	2012-13	2013-14	2014-15
Arlington	903,724	894,881	854,509	876,700	928,198
Casa Blanca	329,446	323,181	327,431	341,417	352,030
Downtown	753,592	746,248	759,517	783,440	779,458
Airport	543,182	569,871	563,288	562,507	543,512
Hunter Park	1,384,299	1,355,908	1,435,102	1,462,802	1,531,685
La Sierra	3,435,936	3,507,181	3,494,396	3,613,761	3,947,632
Magnolia Center	615,131	622,035	607,468	622,744	653,974
University Corridor	559,041	564,287	547,631	527,193	530,748
Sycamore Canyon	806,695	797,163	779,679	770,069	794,082
TOTAL VALUE	9,331,046	9,380,755	9,369,020	9,560,634	10,061,320
% Change	-2.4%	0.5%	-0.1%	2.0%	5.2%
Base Year	4,023,636	4,023,636	4,023,636	4,023,636	4,023,636
Total Increment (AV)	**5,307,410**	**5,357,119**	**5,345,384**	**5,536,998**	**6,037,684**
% Change	**-3.3%**	**0.9%**	**-0.2%**	**3.6%**	**9.0%**
Memo: Inflationary Trend	-0.02%	0.75%	2.00%	2.00%	0.45%

The following represents value changes over all of the Project Areas in 2014-15 totaling over $10 million:

Project Area	Assessee Name	Use	2013-14	2014-15	Value Change
La Sierra	Paseos at Magnolia	Apartments	3,339,480	25,548,372	22,208,892
Downtown 75	Riverside Healthcare	Hospital	1,543,047	23,235,897	21,692,850
La Sierra	La Sierra University	Apartments	82,315,000	93,580,000	11,265,000
Airport 85	Rohr Inc.	Industrial	108,702,886	97,904,027	(10,798,859)
La Sierra	Advance Group	Apartments	29,516,553	39,600,000	10,083,447
	Total		225,416,966	279,868,296	54,451,330
	% of Total Value		2.2%	2.8%	0.5%

- The increases in value for the first two changes shown above are the result of new construction. The Paseos at Magnolia are newly constructed residential apartments in the La Sierra Project Area. In addition, Riverside Healthcare is expanding its facilities and the increase in value shown above represents a portion of the total value increase expected. The new construction at this facility is discussed under Section G, Tax Increment Projections below.

- Residential properties held by La Sierra University increased in value after having previously been reduced through the appeals process, which process is discussed in greater detail below under Section E.

- The value for Rohr, a major industrial property in the Airport Project Area decreased as a result of the decline in the value of fixtures and personal property although the property reportedly still has an appeal outstanding for the 2013-14 fiscal year.

- The value for a residential apartment building increased by $10 million when it transferred from JSP Corona Pointe to Advance Group in 2013. The apartments are located in the La Sierra Project Area.

Values for the prior year, 2013-14 represent a 2 percent increase over 2012-13 levels, reflecting the inflation rate of 2.0 percent on qualifying properties. In addition to the inflationary increase, a number of construction projects were undertaken as well as property reductions that occurred as a result of appeals, or property transfers at sales prices less than the 2012-13 assessed value. The following represents the 2013-14 valuation changes across the Project Areas where the 2013-14 value was increased (or decreased) by over $10,000,000.

Project Area	Assessee Name	Use	2012-13 Value	2013-14 Value	Value Change
Hunter Park	Sterling Riverside 2	Residential	16,697,000	52,670,340	35,973,340
Magnolia Ctr	Riverside Plaza	Retail	47,324,491	61,500,000	14,175,509
Sycamore	SycCanyon & Sierra	Industrial	24,065,000	48,000,000	23,935,000
University	Town Square Shopping Ctr	Retail	35,439,345	17,193,150	(18,246,195)
	Total		123,525,836	179,363,490	55,837,654
	% of Total Value		1.3%	1.9%	0.6%

- Sterling Riverside 2 is a newly constructed luxury student housing development near the University of Riverside located in the Hunter Park/Northside Project Area.

- Riverside Plaza is a former indoor mall that was converted to an outdoor mall a number of years ago. The popular center continues to add shops and attractions. Recently, the former Gottschalk's store was refurbished as a Nordstrom Rack on the first floor with other tenants slated to occupy the upper two levels.

- SycCanyon & Sierra represent the new construction of industrial developments in Sycamore Canyon that were started in 2005 but were not fully completed with tenant improvements installed until 2009 and 2010. Additional interior modifications were completed in 2011. The 2013-14 value increase for these properties represents the restoration of previous value reductions.

- Town Square Shopping Center is a discount center without nationally recognized retailers as anchors. Major tenants appear to include a Dollar Tree and a Latino Supermarket as well as smaller tenants such as an AT&T retailer. The value for the center had been increased by $17.8 million in 2011-12 because of a property transfer followed by a decline in 2013-14, which brings the property back to its 2010-11 levels, plus allowable inflation.

The only Project Areas where values decreased in 2013-14 are University Corridor, which decreased by $20.4 million, and Sycamore Canyon which decreased by $9.6 million. In University Corridor, the sale by the Town Center Shopping Center, shown above, was the major reason for the decline. For Sycamore Canyon, unsecured value dropped by $16 million, reflecting numerous smaller unsecured assessment decreases (under $3 million in assessed value) and disappearances. In addition, the value for the Pepsi

Bottling Group decreased by $6.3 million as a result of a decline in the value for fixtures and personal property, likely the result of the depreciation.

In prior fiscal years, similar changes to assessed values occurred with positive growth factors serving to somewhat counterbalance the reductions as a result of appeals and property sales at less than the existing taxable value.

Section E – Assessment Appeals

Types of Appeals

Taxpayers may dispute, or appeal, their property tax assessments. Depending on the outcome of the appeal, taxes paid in the current year may be either higher or lower than the initial assessment. (An appeal which results in a lower valuation is referred to in this Report as a successful appeal.) When an appeal is successfully resolved after the disputed taxes have already been paid, a refund with interest is subsequently issued to the taxpayer by the county.

In California, there are two types of appeals: a Proposition 8 appeal and a base year appeal. A Proposition 8 appeal is based on Section 51 of the Revenue and Taxation Code and allows for temporary reductions in the taxes paid on properties because the assessed value of a property somehow becomes higher than its actual market value. This can be the result of the damage or removal of property, or reductions in real estate values. Once the property damage is restored, or the real estate market improves, an assessment subject to Proposition 8 reduction can be returned to its pre-appeal value. In addition to the original value the restored assessment can also include the application of annual inflation factors (up to 2 percent per year) allowed under Proposition 13. The second type of appeal is a base year assessment appeal where an owner challenges the original, or base year, valuation assigned by the Assessor. Any reduction resulting from a base year assessment appeal is permanent and can only increase above the allowable inflationary adjustment if the property is sold or experiences new construction. Challenges to base year assessed values most commonly occur when a property is newly constructed or sold. Large industrial properties, such as the major industrial taxpayers in some of the Project Areas, typically have a large portion of the tax assessment tied up with fixtures and personal property which are routinely replaced and/or upgraded. The replacement or modification of these types of fixtures is often defined as new construction under Proposition 13.

There are also two methods for achieving a reduction in the valuation of property. One way is for the applicant to file an assessment appeal application; the other way is for the Assessor's office to process an "automatic" assessment reduction. Any automatic reduction would almost always be a Proposition 8 appeal, although filed appeals can be either Proposition 8 or base year appeals.

Automatic Assessment Appeals

Starting in 2007-08, Riverside County, like many other counties throughout California, began processing temporary assessed value reductions for certain properties (Proposition 8 reductions in response to declining residential real estate values). These reductions were made on properties where the assessed values exceeded the current market value of properties as of the tax lien date (January 1) without prompting from individual taxpayers. (This report refers to the Assessor's office processing of assessment reductions without being requested by the taxpayers as automatic reductions.) The County reviewed single family homes and condominiums which transferred ownership starting in 1999 and made substantial reductions in 2008-09 and 2009-10. Lesser reductions were processed in 2007-08, 2010-11 and 2011-12. The County also processed reductions to other types of properties, such as apartments, but does not possess the computer capability to perform mass reappraisals and so any reviews and reductions for these properties were less systematic and often required initiation by the taxpayer. As residential values have increased significantly in the City of Riverside over the last two years, additional assessed value reductions from automatic Proposition 8 reductions are not likely to occur in the next several years, and, as such, have not been included in the attached revenue estimates. See the “Assessed Values and the Real Estate Market” and “Project Area Trends” sections above for additional information on real estate trends.

As discussed above, assessed values reported for 2014-15 represent a 5.2 increase above prior year levels. This is the result, in part, of the restoration of previously reduced Proposition 8 appeals. Additional value will likely be added in future fiscal years should real estate values continue to escalate, but these additional increases have not been included in this analysis.

Riverside County does not report which properties received automatic reductions or which filed assessment appeals are Proposition 8 appeals and which are “base year” assessment appeals. As such, the only way to quantify the Proposition 8 reductions which may end up returning value to the Project Areas in future fiscal years is to prepare an estimate based on assessed value changes in prior fiscal years. Specifically, an estimate was prepared based on residential properties which declined in value without being associated with a sale. (Once a property has sold, it is assessed at the new sales price and is no longer eligible for value restoration through Proposition 8.) For residential properties, most properties which either declined or increased in value without changing ownership over this period were probably the result of Proposition 8 reductions or restorations. For other types of property, however, declines in value can occur for a number of reasons besides Proposition 8 reductions. Some common types of reductions with commercial and industrial properties include depreciation or removal of fixtures and personal property, changes in stock ownership and the destruction of some improvements on a larger site. Conversely, values in these properties can increase because of the acquisition of new equipment or personal property, changes in stock ownership or the construction of additional improvements on the site.

Because of the peculiarities of commercial/industrial properties, an estimate of the amount of Proposition 8 value eligible for reinstatement could only be prepared for residential properties. Through fiscal year 2013-14, it is estimated that there are about 4,955 residential properties within the Project Areas that likely declined in value because of Proposition 8 with a total 2013-14 value of $1.2 billion. After adjusting this estimate for identified previous sales and prior value increases, the amount available for the restoration of residential values commencing in 2015-16 is estimated to equal about $334 million, as shown below.

2013-14 Inflation Adjusted Peak AV (1)	1,912,150,000
2013-14 Reduced Prop 8 AV	1,261,160,000
Potential Recapture in 2013-14	650,990,000
Less: 2014-15 AV Recaptures/Sales	316,290,000
Future Prop 8 Recapture Potential	334,700,000

1. Represents the peak assessed values for the properties believed to have received assessed value declines through Proposition 8, plus the annual inflation rate each year allowable under Proposition 13.

Because of the factors discussed above, a reasonable estimate for the Proposition 8 reductions and/or restorations potential for other types of properties could not be prepared.

Some additional increases in value resulting from the restoration of the reduced values to current market values are likely to occur over the next several years, but the impact of this increase has not been included in the enclosed revenue estimates. Restoration of the entire $334 million in estimated

Proposition 8 residential reductions will require that residential sales prices in the City of Riverside increase back to peak levels plus the Proposition 13 inflation adjustments.

Filed Assessment Appeals

As mentioned above, appeals can be processed as automatic reductions or on a case by case basis as a result of action by the taxpayer through the filing of assessment appeal applications. Assessment appeals actually filed by taxpayers have been analyzed, and estimated assessed value reductions have been quantified and included in projections of future year revenues to be generated by the Project Areas. These filed appeals include both base year assessment disputes as well as Proposition 8 appeals, although it is not known which appeals fall into which categories. Because taxpayers have until December 2014 to file appeals for the 2014-15 fiscal year, 2014-15 taxpayer appeals are not yet available. Appeals filed for 2013-14 and prior fiscal years, however, have been examined. The results of that review are summarized below.

The overall histories of appeals in the Project Areas are summarized below and detailed by Project Area in Tables 6.1 through 6.8. The information presented is as reported by the County of Riverside as of June 16, 2014 through its assessment appeal database.

Table 6.0
Historical Appeal Information
All Project Areas Combined

Year	Original AV Resoved Appeals	Original AV Successful Appeals	Change in Value (1)	Revised AV Successful Appeals	Reduction as a % of All Appeals (1)	Reduction as a % of Successful AppealS
2009-10	2,177,415,045	660,396,954	(117,718,366)	542,678,588	-5.4%	-17.8%
2010-11	2,635,483,378	1,056,518,163	(178,459,715)	878,058,448	-6.8%	-16.9%
2011-12	1,992,833,288	539,893,811	(85,918,307)	453,975,504	-4.3%	-15.9%
2012-13	773,595,515	203,028,582	(35,541,540)	167,487,042	-4.6%	-17.5%
2013-14	166,961,096	44,466,696	(18,257,234)	26,209,462	-10.9%	-41.1%
TOTAL	**7,746,288,322**	**2,504,304,206**	**(435,895,162)**	**2,068,409,044**	**-5.6%**	**-17.4%**

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

The tables outline the number and value for appeals filed, resolved and pending since 2009-10. As shown in the attached detail tables, average reductions to then current appealed values for successful appeals have ranged from 13.2 percent in Hunter Park/Northside to 28.2 percent in Sycamore Canyon, resulting in an overall average for all of the Project Areas of 17.4 percent. If the reported reductions are compared to all resolved appeals, the resolved appeals drop from 17.4 percent to 5.6 percent.

According to the County's database, only about one-third of the resolved appeal value totals resulted in declines to assessed values. However, if the Assessor's office agrees with the taxpayer and reduces the assessed value of a property without going through the Assessment Appeals Board, the reduction is not reported in the appeals database. As a result, it is believed that the database may understate the assessed value reductions related to the appeals process.

In order to project the impact to future assessed values from appeals that are currently pending, the average assessed value reduction for all Project Areas compared to successful assessment appeals has been used but factored to reflect the assumption that only a portion of the appeals currently outstanding will be successful. As shown above, that factor is 17.4 percent, and has been used with the assumption that 50 percent of the value for the appeals currently outstanding will result in formal or informal assessed value reductions. This results in an overall reduction rate of 8.7 percent. The 50 percent discounting is included to factor in the reality that not all of the properties currently under appeal will be successful.

Estimates for the assessed value impact for pending assessment appeals are shown in Table 7.1 below and in the attached Table 7.2. Table 7.2 shows aggregate information on 20 largest outstanding appeals including the taxpayer, disputed value, and the number of years for which the appeal is outstanding. The numbers in these tables have been adjusted from the Assessor's database to eliminate duplicate appeals for the same property covering multiple years. While appeal refunds can be due the taxpayer for multiple years, the resolution of multiple year appeals can only impact future assessed value once. In other words, while there are $3.1 billion in pending appeals as shown in Table 6.0, only $2.0 billion are estimated to potentially impact future assessed values. With the exception of state assessed property and supplemental revenues, the County does not currently adjust Agency revenues to reflect taxpayer refunds, but is reportedly considering a change to that procedure as they implement new computer software. As a result, the current impact to the Agency is non-existent or minor when multi-year appeals are resolved and tax refunds are issued to the taxpayer. The County of Riverside currently allocates the impact of tax refunds and delinquencies that occur in the redevelopment project areas to all non-redevelopment taxing entities on a countywide basis. See "Property Tax Allocation Procedures under Section F below for additional information on Riverside County's allocation procedures.

The incorporation of these assumptions results in projected assessed value losses as follows:

Table 7.1
All Project Areas
Summary of Estimated Appeal Impact

Project Area	No. of Pending Appeals	Total Contested Value	Estimated Resolved Value (1)	Projected Impact on Future Value
Arlington	34	81,800,011	74,681,022	(7,118,989)
Casa Blanca	15	60,080,587	54,851,822	(5,228,765)
Downtown/Airport	69	416,697,791	380,432,917	(36,264,874)
Hunter Park	64	254,915,691	232,730,583	(22,185,108)
La Sierra	119	548,803,777	501,041,826	(47,761,951)
Magnolia Center	29	87,586,959	79,964,336	(7,622,623)
UC/Sycamore	76	599,001,407	546,870,796	(52,130,611)
TOTAL APPEALS	**406**	**2,048,886,223**	**1,870,573,303**	**(178,312,920)**
Percentage Reduction				-8.7%

(1) All appeals which are estimated to impact future assessed value are pending appeals.

Section F – Tax Allocation and Disbursement

Tax Rates

Tax increment revenues included in this analysis are computed based upon incremental assessed values for the Project Area multiplied by a 1.0 percent tax rate. Since redevelopment agencies were dissolved in 2011, actual taxes allocated by the County to the RPTTF include the rate in excess of 1.0 percent, but 100 percent of those taxes are then passed through to the applicable taxing entities that levied the taxes. As a result, the revenues available to the Agency are based on the 1.0 percent tax rate. Previously, the tax rate utilized by the County to allocate taxes to the former Redevelopment Agency included the debt service rates approved before 1989. The applicable tax override rate for all of the Project Areas applicable to indebtedness approved before 1989 is attributable to the Metropolitan Water District rate of 0.0031 percent in 2013-14. The 2014-15 rates will not be available until October, 2014.

Recognized Obligation Payment Schedule (ROPS)

Under the Dissolution Act, property taxes are allocated semi-annually to each successor agency based on the lesser of the amount of tax increment generated by all of the successor agency's project areas or the maximum amount of debt due[1] for all project areas in the upcoming six month period. Payments are made at the beginning of each six month allocation period, or January 2 and June 1. Successor agencies are required to complete a form semi-annually, known as a Recognized Obligation Payment Schedule or ROPS, outlining the specific amount of debt and other expenses due in the upcoming 6 month period. This form is required to be approved by the state Department of Finance and is due 90 days prior to the January 2 and June 1 payment dates.

The following is a summary of the timing of the ROPS semi-annual payment system:

ROPS	ROPS Pmt Date	Period of Expenditure
ROPS 2013-14A	6/1/2013	July 2013 to December 2013
ROPS 2013-14B	1/2/2014	January 2014 to June 2014
ROPS 2014-15A	6/1/2014	July 2014 to December 2014
ROPS 2014-15B	1/2/2015	January 2015 to June 2015
ROPS 2015-16A	6/1/2015	July 2015 to December 2015
ROPS 2015-16B	1/2/2016	January 2016 to June 2016

In addition to listing its outstanding debt items with payments due in the ensuing 6 month period, a successor agency must also prepare and file a "Prior Year Payments" schedule in which the Agency is required to compare actual expenditures to approved expenditures for the preceding six month period. If revenues were allocated by the County in the prior payment cycle in excess of actual expenditures for approved ROPS items, the difference is deducted from the amount otherwise needed for the following payment. This revenue offset is made under the assumption that those revenues are available to be spent for the upcoming obligations. In the case of the Bonds, or other obligations where payments are

[1] Debt included on the ROPS includes all bonded debt, subordinate debt and administrative costs. The priority established in the Dissolution Act for payment of debt in the event that a given payment is less than the total cost of obligations due in a given six month period gives priority to bonds secured by property taxes/former tax increment revenue over other types of debt obligations and administrative costs.

required to come first from RPTTF revenues before other obligations are paid, DOF typically allows successor agencies to "reserve" revenues for payments coming due outside of the ROPS payment cycle but due later in the bond year.

To date, the Successor Agency has been successful in meeting debt service payments on all outstanding bonds when due. Previously, the Agency requested an amount equal to half of the principal and interest due in a given year for each semi-annual payment. For the most recent ROPS (ROPS 2014-15A), the Agency requested additional funding: an amount equal to the balance needed to fund the August 2014 principal and interest payment plus an amount equal to the one-half of the principal and interest due on August 1, 2015 was approved by DOF. As a result, the Agency has on hand funding in excess of that required by the current bond documents. Because they were previously approved by DOF as bond reserves, these funds should be counted as "spent" and not subject to the sweep of RPTTF funds described above.

The estimates of revenues presented in the enclosed tables include 100 percent of revenues estimated to be generated by the Project Area in a given fiscal year. In reality, the revenues the Agency will receive will be limited to amount needed to meet its obligations, including the Bonds.

Property Tax Allocations

Assuming that debt levels as presented in the ROPS are sufficient, revenue is allocated by the County based on the County's computation of revenue due within a project area based on the equalized incremental values and a 1.0 percent tax rate.[2] With the exception of supplemental and state assessed revenues, tax allocations to RPTTFs are not impacted by delinquencies or roll adjustments. (Supplemental revenues result from a one time "additional" assessment of property at the time of a change in ownership or completion of construction.)

The County accounts for delinquencies and taxable value changes only on a County-wide basis. Taxing entities are impacted by delinquencies and value changes that occur throughout the County and are only indirectly impacted by changes within their specific jurisdictions. The County's continues to allocate to successor agencies 100 percent of the calculated tax increment due the project area without adjustment for delinquencies, redemption payments or roll adjustments. This policy is set administratively and is therefore subject to change.

A review of the tax allocations for the Project Areas since 2008-09 confirms that the County has been allocating revenues in accordance with their current administrative policy. The result of the policy is that the Project Area is somewhat insulated from the impacts of appeals, tax refunds and taxable value adjustments. Taxable value adjustments refer to value changes that occur after the initial tax assessment. These adjustments can increase or decrease the initial assessment and can be the result of an appeal, an escaped assessment, or the correction/update of an initial tax assessment.

Historical Tax Increment Revenues

As stated above, Riverside County does not adjust the majority of the taxes allocated to successor agencies for actual tax collections. Revenues derived from secured and unsecured property as allocated by the County irrespective of actual taxes paid although revenues derived from state assessed and supplemental assessments are allocated based on actual collections. In a typical year, secured and unsecured taxes comprise over 95 percent of total revenues allocated in the Project Areas. In order to confirm the implementation of this policy, tax allocations were compared with beginning-of-the-year estimates of tax increment revenues.

[2] The County actually continues to technically allocate the taxes in excess of the basic 1.0 percent tax rate to the redevelopment agency and then reallocates them to the levying taxing entities as if they were 100 percent pass through payments.

Prior to February 1, 2012, the County distributed all tax increment revenues to the Agency[3]. Since the enactment of the Dissolution Act (February 1, 2012), however, the County only distributes to the Agency an amount sufficient to pay debt, including authorized reserves, in the upcoming 6 month period. Revenue amounts shown above as "Total Gross Collections" represent total deposits by the County into the Agency's RPTTF and not revenues that were actually paid to the Agency. The other major change triggered by the Dissolution Act is the elimination of the housing set-aside requirement, as shown below.

Table 8.0
Multiple Project Areas
Historical Tax Receipts

Description	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Secured	9,205,949,822	8,754,556,476	8,549,804,002	8,522,939,134	8,577,643,835	8,786,297,098
Unsecured	829,562,269	809,341,576	781,241,561	857,816,050	791,376,031	774,337,371
Total Value	10,035,512,091	9,563,898,052	9,331,045,563	9,380,755,184	9,369,019,866	9,560,634,469
Base Year Valuation	4,072,653,147	4,072,653,147	4,023,636,038	4,023,636,038	4,023,636,038	4,023,636,038
Incremental AV	5,962,858,944	5,491,244,905	5,307,409,525	5,357,119,146	5,345,383,828	5,536,998,431
Estimated Tax Levy	$ 60,429,334	$ 55,696,099	$ 53,850,392	$ 54,201,535	$ 54,062,198	$ 56,017,134
Total Gross Collections	65,329,228	57,859,982	55,723,865	54,490,153	54,609,442	58,095,809
Percentage of Gross Tax Levy	**108.1%**	**103.9%**	**103.5%**	**100.5%**	**101.0%**	**103.7%**
Gross Collections (from above)	$ 65,329,228	$ 57,859,982	$ 55,723,865	$ 54,490,153	$ 54,609,442	$ 58,095,809
Less: Administrative Fees	710,418	669,186	557,238	589,346	817,526	746,749
Pass Through Payments	17,210,167	15,103,163	15,350,571	15,883,409	16,041,008	16,520,214
Housing Requirement	13,065,846	11,571,996	11,144,773	5,452,292	-	-
Actual Net Tax Revenues	**$ 34,342,798**	**$ 30,515,637**	**$ 28,671,283**	**$ 32,565,106**	**$ 37,750,908**	**$ 40,828,846**

In accordance with their stated policy, the County allocated 100 percent of the tax levy for each Project Area to the Agency with the exception of supplemental revenues and state assessed property, which are allocated based on actual collections. Total taxes allocated, including supplemental revenues, for all of the Project Areas combined ranged from 101 percent to 108 percent of the original tax levy, as shown above. In 2011-12 and 2012-13, however, supplemental collections were actually negative, meaning that more of these taxes were refunded than were collected. In these instances, negative supplemental revenues can cause revenues allocated to the Agency to be less than the initial levy amount. Negative supplemental revenues caused total revenues to be less than the levy amount in 2011-12 for Hunter Park/Northside and Sycamore Canyon and 2012-13 in Sycamore Canyon only. Even with negative supplemental revenues, however, total taxes allocated for the Project Areas equaled 98.5 to 99.5 percent of the levy amount.

As shown above, the base year values for the Project Areas decreased slightly in 2010-11. This is because the County reduced the base year for the La Sierra/Arlanza Project Area in 2010-11 to reflect the territory that was deleted from the Project Area in 2006. In addition to reducing the base year, the County also allocated to the La Sierra Project Area about $1.4 million in the same fiscal year as additional revenue to reflect that the base year was not reduced sooner.

[3] Redevelopment agencies were required to establish sufficient debt through the filing of a statement of indebtedness to be entitled to receive all taxes generated, but the test was based on overall indebtedness not the annual or semi-annual amount due.

Section G – Tax Increment Projections

Tax increment revenues are calculated by first subtracting the base year value of a project area from the current year taxable value in order to determine the incremental taxable value. Applicable tax rates are then applied to the incremental taxable value in order to determine tax increment revenues.

Unitary revenues are allocated by the County based on a formula, as specified by AB 454. The amount of unitary revenue each Project Area is entitled to receive varies from Project Area to Project Area and is based on the amount of state-assessed unitary property that existed in the Project Areas when AB 454 was enacted in the 1980's. Amounts allocated by the Project Areas for 2013-14 vary and range from $17,000 for the Magnolia Project Area to $407,000 for the Merged Downtown/Airport Project Area. The specific amounts of unitary revenues are included in the estimates of current year revenues in Table 9.0.

Current and Projected Revenues

Current year (2014-15) assessed values and current year projections of gross tax increment and various deductions are summarized by Project Area on Table 9.0. Tables 9.1 to 9.3 present details by subarea for the Project Areas with multiple components. The 2014-15 estimates of revenues are based on equalized assessed values, as reported by Riverside County.

The estimates of future property tax revenues are summarized in Tables 10.1 and 10.2 for all Project Areas and detailed by Project Area in Tables 11.1 to 11.8. Unitary revenues are assumed to remain at their 2013-14 levels for 2014-15 and each year thereafter. Other Property (personal property and state assessed property) is assumed to remain at its reported 2014-15 level. The other categories of assessed values reported for 2014-15 are assumed to change in future fiscal years. Elements which are projected to modify future assessed values and/or revenues are as follows:

Impacts to Future Values	Assumption
Positive Impacts	
Trended Taxable Value	1.35 percent trend for 2015-16 and 2.0 percent thereafter
Property Transfers	Sales on properties that occurred after the tax lien date for 2014-15 (January 2014)
New Development	Developments Completed or Under Construction
Negative Impacts	
Appeals	8.7 percent reduction of the assessed value of properties under appeal

<u>Trended Taxable Value:</u> Real property values (land and improvements) have been increased based on certain assumptions concerning the 2 percent inflation factor allowable under Proposition 13. Proposition 13 allows that the assessed values for properties can be increased each year by the Assessor by an inflation factor of up to 2 percent, depending on the actual rate of inflation. If the existing taxable value of a property already equals the current market value, however, the application of an inflation factor is not allowed. The rate of inflation is determined by the consumer price index from October to October each year. For the 2013-14 fiscal year, the increase in the index was 3.08 percent, meaning the full 2.0 inflation factor was used, while for the 2014-15 fiscal year the inflation rate reported by the State Board of Equalization was 0.454 percent. The inflation rate reported through April 2014 is 1.35, which is the rate used for 2015-16. To summarize, the following inflation rates have been used for the purpose of estimating future revenues:

2014-15 (actual)	0.45%
2015-16	1.35%
2016-17 and Thereafter	2.00%

The future year revenue estimates are based on the assumption of a 2.0 percent factor commencing in 2016-17 and thereafter. Should the inflation factor in future fiscal years be less than the 2.0 percent assumed, or the County Assessor not apply the inflation factor to property in the Project Areas, tax increment could be lower than that shown on Table 10.1 in future fiscal years.

New Development: Future year tax increment revenue estimates have been increased for new developments that have been recently completed or that are currently under construction. Amounts estimated as added are summarized on Table 12.1 and 12.2.

- Arlington Project Area — **Apartments:** New construction for thirty-four two-story apartments was completed in April 2014.
- Casa Blanca Project Area — **Grocery Store:** A new 44,000 square foot Stater Brothers Grocery Store is under construction in the Project Area and is expected to be completed in the fall/winter of 2014.
- Downtown/Airport Merged Project — **Riverside Healthcare Improvements:** New construction of 60,000 square feet of medical office space and a 5-level structured parking was recently completed at Riverside Community Hospital.
- La Sierra/Arlanza Project Area — **Service Stations/Convenience Stores:** Two separate service stations with convenience stores are under construction and are expected to be completed in the fall/winter of 2014.
- UC/Sycamore Canyon Merged Project — **Industrial Warehouse**: A 235,000 square foot addition to an existing warehouse was completed in June 2014 in the Sycamore Canyon Project Area.

Appeals: Assumptions regarding the resolution of appeals that are utilized in the enclosed projections are as shown in Tables 7.1 and 7.2 and are presented in the above "Assessment Appeals" section. Valuation reductions resulting from the resolution of appeals are assumed to occur in 2015-16 and 2016-17. Refunds related to the resolution of these appeals have not been incorporated into the revenue projections as the County's practice for the allocation of those refunds holds redevelopment agencies harmless from all but refunds of supplemental revenues.

Plan Limitations: The individual subareas of the redevelopment project areas are each entitled to receive tax increment revenues for different time durations. The tax increment projections included in this Report are based on the assumption that revenues will cease to be received by the Agency for a given subarea after the applicable tax increment receipt deadline passes. The deadline for the receipt of tax increment revenues for each subarea is outlined in Table 2.0.

In general, the County reports and allocates revenues separately for each subarea. In the Downtown/Airport Project Area, however, the Riverside County Assessor only reports data on a segregated basis with respect to the Downtown Original Area, the 1975 Annex and the 1985 Annex; it does not separately report data with respect to the 1972 Annex or the 1974 Annex. The fiscal consultant could not identify maps or other documentation to prepare an estimate the amount of revenues attributable to the 1972 and 1974 Annexes. The total 2014-15 net annual revenue for the Original Area and Downtown 1975 Annex is $1 million and $3 million respectively. Some portion of these revenues is actually attributable to the 1972 and 1974 Annexes.

Factors Not Included in the Revenue Projections

A number of factors that can affect future values have not been included in the revenue estimates. These factors include:

Supplemental Revenue: The Agency also routinely receives supplemental property taxes for the Project Areas. Over the last five years, the amount of supplemental revenue received each year for all the Project Areas combined has ranged from $190,000 to $4.8 million. In the most recent completed fiscal year, 2013-14, the amount of supplemental revenue is $1.1 million. Due to the difficulty of estimating supplemental revenues, such revenues have not been included in the enclosed revenue projections. Supplemental property taxes typically increase the amount of tax increment revenue actually received, although negative supplemental assessments can occur, particularly in poor economic conditions. Supplemental revenues were negative for Hunter Park/Northside in 2012-13 and in Sycamore Canyon in 2011-12 and 2012-13, although supplemental revenues for the combined Project Areas remained positive in all years analyzed.

Proposition 8 Restorations: Assessed values are likely to increase in future fiscal years as a result of the reversal of temporary reductions to assessed values that were processed by the County during the recession. An estimate of the total eligible for restoration for residential properties is $334 million through the 2014-15 fiscal year. Some increases in value resulting from the restoration of the reduced values to current market values are likely to occur over the next several years, but the impact of this increase has not been included in the enclosed revenue estimates. Restoration of the entire $334 million in estimated Proposition 8 residential reductions will require that residential sales prices in the City of Riverside increase substantially over current levels. For additional information, see “Automatic Assessment appeals” and “Assessed Values and the Real Estate Market” above.

Future New Development: Only projects which were currently under construction or were recently completed were included in the revenue estimates. Future construction projects which may occur in the future have not been included in the enclosed revenue estimates.

Future Property Transfers: Changes in assessed values as a result of verifiable sales through May 2014 have been included in revenue estimates. Sales which may occur in June 2014 or thereafter have not been included in the revenue estimates.

Section H – Agency Obligations

The Agency’s Project Areas have differing obligations that have the effect of reducing the amount of tax increment revenue otherwise available to the Agency. One of the major types of such deductions is the requirement to return to the base year taxing entities a portion of the revenue generated by the Project Areas. The various obligations required to be deducted from tax increment revenue are detailed on Table 10.1. These obligations are described below.

The Agency’s Project Areas are subject to differing tax sharing requirements, depending upon the year the Project was adopted, negotiations with base year taxing entities, if applicable, and certain other subsequent actions of the Agency. The newer Project Areas, including Arlington, Hunter Park/Northside, La Sierra/Arlanza, and Magnolia Center, do not have written tax sharing agreements but are subject to tax sharing provisions under 1994 legislation, AB 1290. The Project Areas subject to written tax sharing agreements include the Casa Blanca, Downtown/Airport Merged Project and the University Corridor/Sycamore Canyon Merged Project, although the portions of the Projects added in 1998 are subject to AB 1290 rather than the written tax sharing agreements. In addition, Casa Blanca and the older subareas of the Merged Projects have been amended to modify their debt incurrence deadlines, and as such, became subject to the tax sharing provisions of AB 1290 commencing in 2004-05.

A description of the types of tax sharing requirements and their impact on the Project Areas is included below.

AB 1290

Legislation adopted in 1993 required that all new redevelopment project areas, as well as geographical areas added to existing projects, be subject to uniform tax sharing payments. A brief summary of the provisions of the legislation as it relates to the different circumstances is included below.

Post 1993 Project Areas/Subareas: For the first 10 years of a project area newly adopted after 1993, an agency must share with all affected taxing entities an amount equal to 20 percent of gross tax increment revenue. In years 11 through 30, an agency must also share 16.8 percent of that portion of gross taxes that represent an increase over the year 10 levels. Amounts required to be passed through increase again in year 31 and thereafter.

Adding Territory: When an area is added to an existing Project Area, the amended area is subject to the tax sharing provisions described above for any subareas adopted after 1993 while the areas which existed before the amendment adding territory continue to be subject to the tax sharing provisions in effect, if any, when the area was previously adopted and/or amended.

Other Amendments: AB 1290 pass through payments are also applicable when an existing project is amended to increase one or more of its time and/or revenue limitations. The AB 1290 pass through requirement is triggered when the first original deadline that was amended is reached. For instance, for those project areas where the debt incurrence limit is the first limit to be reached, the AB 1290 pass through would be payable in the fiscal year after the limit is reached, in many cases fiscal year 2004-05. The amount payable to all taxing entities would equal 20 percent of the increase above the 2003-04 levels, not 20 percent of all tax increment revenue. If assessed values are not higher than the 2003-04 amounts, no tax sharing payment would be due. The second tier of tax sharing would become applicable 10 years later, in 2014-15. The amount due would equal 16.8 percent of the increase above the 2013-14 level. In addition, AB 1290 pass through payments are not due to taxing entities already receiving tax sharing payments as a result of written tax sharing agreements.

Written Tax Sharing Agreements

Written tax sharing agreements are not standard like AB 1290 tax sharing payments. Each agreement specifies unique terms and conditions. At the basis of each, however, is an agreement to pay all or a portion of each taxing entity's share of tax increment revenues. Taxing entity's share is defined as the amount of revenue the entity would have received had the redevelopment project area not been formed. The following Project Areas are subject to the provisions of written tax sharing agreements:

- Casa Blanca
- Downtown/Airport Merged Project
- University Corridor/Sycamore Canyon Merged Project

Summaries of the terms and provisions of the tax sharing agreements applicable to the above Project Areas are included in Table 13.1 to 13.3.

Housing Set-Aside

Prior to the Dissolution Act, the Redevelopment Agency was required to deposit not less than 20 percent of the tax increment generated in the Project Areas into a special fund to be used for qualified low and moderate income housing programs. The Dissolution Act has been interpreted to no longer require such a deposit and as such, the projection of tax revenues included herein does not include a reduction to revenues for the Housing Set-Aside.

Special Redevelopment Plan Provisions

Two of the Project Areas included in the proposed financing contain somewhat unusual restrictions in their Redevelopment Plans. Briefly, those restrictions are as follows:

- **La Sierra/Arlanza**: The redevelopment plan for the La Sierra/Arlanza Project Area includes certain restrictions to the effect that revenues generated by the Project Area must be spent only in the Project Area with some narrowly defined exceptions.

- **Arlington:** The 2003 Amendment Area of the Arlington Project Area was adopted with certain restrictions as to where the tax increment revenues are spent. The 2003 Amendment Area is bifurcated into two separate areas with component subareas: Subareas A through D comprise the primary amendment area and the Auto Center, or Subareas E and F, is the secondary amendment area. Taxes generated by the Auto Center sub area are to be spent only in the Auto Center area, at least for the first 15 years. Conversely, taxes generated by the Arlington Original, 1999 Annex and Subareas A through D cannot be spent in the Auto Center, at least for the first 15 years. After 15 years, somewhat lessened restrictions come into effect.

Bond Counsel has opined that, because of dissolution, the revenues of these areas could be pledged to the proposed 2014 bonds, but only after meeting all other annual costs from the Areas. These costs have been estimated and are detailed below and in the attached Tables 10.2, 14.1 and 14.2. While some of the obligations for these Areas are fixed amounts for a predetermined length of time, others are costs that are dependent on variables that cannot be precisely determined, and as such, actual future costs are likely to vary from the enclosed estimates. Descriptions of these obligations is included below in Section I "La Sierra and Auto Center Expenditures".

Section I – La Sierra and the Auto Center Expenditures

As discussed above, expenses from these two areas hold a prior lien on former tax increment revenues to the proposed bonds. Descriptions of the various expenses for these areas and the methodology used to estimate the annual expenditures are included below by type of expense. The estimated costs associated with these obligations are summarized in Table 14.1 and have been deducted from the revenues available for debt service on the Bonds in Table 10.2

SERAF Loan Repayments (La Sierra and Auto Center)

Prior to dissolution, redevelopment agencies were from time to time required by the state to pay a certain portion of tax increment revenues into a state fund for schools, known as the Educational Revenue Augmentation Fund (ERAF) or Supplemental Educational Revenue Augmentation Fund (SERAF). Agencies were generally allowed to use Housing Funds to make the payment but only through a borrowing that was to be repaid to the Housing Fund when funds became available. The Dissolution Act provides that any monies borrowed from the Housing Fund are to be repaid before any monies borrowed from the City are to be repaid. These loans are to be repaid by the Successor Agency to the Housing Successor Agency and must be used for low and moderate income housing purposes. Further, the Act stipulates a formula by which the loans are to be repaid. The formula for payment is tied to combined revenues and expenditures for all Project Areas; it is not calculated for individual areas.

The formula for the repaying of these loans is based on the amount of the Agency's tax revenues available for distribution to the taxing entities after paying the Agency's obligations, including tax sharing obligations. The amount remaining is referred to as the residual balance. The amount actually distributed to the taxing entities for 2012-13 is the "baseline" for the current and future distributions to the taxing entities. In future fiscal years, half of any new growth in the residual balance above the 2012-13 baseline must be used for increased distributions to the taxing entities. The other half can be used to repay the SERAF or city loans.

The Agency borrowed $20,571,233 from the Housing Set-Aside Fund to make the SERAF payments on May 10, 2010 and May 10, 2011. Of that amount, $11,327,063 was advanced from the La Sierra Project Area and $1,188,950 from the Arlington Project Area. In the ROPS 2014-15A payment cycle, a SERAF loan repayment in the amount of $4,047,112 was approved by DOF. This amount was equal to half of the increase in the residual balance above 2012-13 baseline levels. The calculations for amounts due in future fiscal years are shown in Table 14.2. For future fiscal years, the amount of the loan repayment is estimated based on a number of assumptions employed for future increases in revenue and/or reductions in costs for all Project Areas. As such, actual amounts could vary substantially. The repayment amount shown in Table 14.1 for 2014-15 is based on the actual residual balance reported by the County for the first half of the year (2014-15A ROPS payment cycle) and an estimated residual balance for the second half of the year (2014-15B ROPS payment cycle). Expenditures for the time frame covered by ROPS 2014-15B are estimated to be higher than in prior years because of the need to accumulate additional funds as reserves for upcoming bond payments. In future years, this payment is assumed to increase each year based on the assumption of slightly increasing revenues and slightly decreasing expenses (enforceable obligations) until the $20 million SERAF loans are repaid. If revenues increase above amounts estimated or enforceable obligations (expenses) are less than projected, then the amount eligible for the loan repayment will be higher than the amounts estimated.

Since the formula is based on revenue and expenditures for all Project Areas, the shares for La Sierra/Arlanza and the Auto Center have been estimated based on the amount each area loaned the Agency for the SERAF payments. The La Sierra Housing Set-Aside Fund loaned $11.3 million, or 55.1 percent of the total $20.6 million SERAF loan. The Housing Fund for the Arlington Project as a whole loaned $1.2 million or 5.8 percent of the total: a distinction was not made in Agency records of the amounts paid from the Auto Center versus the rest of the Arlington Project. As a result, the amount coming from the Auto Center was estimated based on the relative property tax revenue historically generated in the Auto Center versus the rest of the Arlington Project. As the Auto Center only generated about 12 percent of the revenue of the entire Project Area, the Auto Center's share is 12 percent of 5.8 percent or less than 1 percent of the total SERAF loan (0.69 percent).

Property Maintenance (La Sierra)

Revenues from the La Sierra Project will be spent over the next few years to maintain and prepare for sale four properties currently held by the Successor Agency for resale. Costs include property maintenance and troubleshooting, appraisals, land surveys, the costs for preparation of Purchase and Sale Agreements, obtaining approval from DOF and other miscellaneous costs. These costs have been estimated assuming that three of the four properties enter into escrow no later than June 30, 2015 and the fourth property enters escrow by December 31, 2016. All properties are estimated to be in escrow for up to 24 months to allow the purchaser time to obtain construction approvals. This means that the Agency will incur additional maintenance costs after the properties enter into escrow. Actual escrow costs (title and escrow fees, etc.) are assumed to be paid from the proceeds of the sale and not property tax revenues.

There are no properties located in the Auto Center Area that are owned by the Agency so the Agency will not incur these types of disposition costs for the Auto Center.

Galleria Improvements Reimbursement (La Sierra)

The Agency and the City entered into an agreement with the owner of for the Tyler Galleria regional shopping center to provide for the upgrade and expansion of the center in 2005 (Agreement Regarding Financing and Construction of Parking Facility and Other Public Improvements). Additional parking was added as well as a movie theater, bookstore and free-standing destination restaurants. The Agreement provides that the City/Agency would assist the owner with the construction of certain public improvements that needed to be installed to expand and improve the shopping center. The financial assistance to be provided by the former Redevelopment Agency equaled the net property taxes associated with the improvements covered by the Agreement. The shopping center is located in the La Sierra Project Area. The amount of the reimbursement has been calculated and paid each year by the Agency. DHA Consulting reviewed the Agency's detailed calculations and agreed that their approach is reasonable given the reimbursement language in the Agreement. DHA estimated future payments based on this same approach with a 2.0 percent increase but did not deduct an allowance for a Housing Set-Aside deposit as such set-asides are no longer required under the Dissolution Act. The Agreement provides that payments are due the owner each year through the 2017-18 fiscal year.

Caveats

The value and revenue estimates contained in this Report are based upon information, data and assumptions believed to be reasonable and accurate. The assessment practices and county allocation procedures discussed in this Report are based on information provided by representatives of Riverside County. Assessment practices and allocation procedures are set, in part, administratively and can be changed. Except as specifically disclosed in the preceding pages, nothing came to the fiscal consultant's attention during this review to indicate that any changes are imminent. To a certain extent, the estimates of revenue are based on assumptions that are subject to a degree of uncertainty and variation and therefore are not represented as results that will actually be achieved. The analyses presented herein, however, have been conscientiously prepared on the basis of the fiscal consultant's experience in the field of financial analysis for redevelopment agencies.

Table 1.0
City of Riverside Successor Agency
Land Use Category Summary
Fiscal Year 2014-15

Multiple Redevelopment Project Areas

Category of Value	Arlington	Casa Blanca	Merged Downtown Airport	Hunter Park	La Sierra/ Arlanza	Magnolia Center	Merged UC/Sycamore Canyon	*No. of* Parcels (1)	Total Value	Percent of Total
Residential	340,537,498	157,960,606	216,469,198	512,203,800	2,556,007,390	71,287,769	170,719,200	18,653	4,025,185,461	40.01%
Commercial	423,639,263	90,846,970	547,032,466	237,967,431	827,766,577	480,173,557	280,463,315	1,891	2,887,889,579	28.70%
Industrial	45,004,845	48,863,497	383,048,436	560,857,035	155,099,636	8,611,436	627,312,661	886	1,828,797,546	18.18%
Recreational	7,102,944	-	642,660	-	9,079,434	17,164,591	-	12	33,989,629	0.34%
Institutional	6,876,450	448,108	880,796	-	21,692,753	1,184,079	40,259,568	112	71,341,754	0.71%
Vacant Land	16,517,929	4,789,363	43,461,551	30,634,701	94,336,284	4,860,229	44,647,616	1,607	239,247,673	2.38%
SBE	66,211	-	5,860	38,583	200	-	21,005	12	131,859	0.00%
Cross Reference	13,121,994	162,721	19,529,689	5,157,004	18,605,575	591,579	614,340	952	57,782,902	0.57%
Unsecured	70,549,690	45,977,806	111,899,814	184,826,290	196,818,088	70,100,663	157,234,144	3,852	837,406,495	8.32%
Misc/Unknown	4,781,355	2,981,311	-	-	68,226,304	-	3,558,574	16	79,547,544	0.79%
Total	**928,198,179**	**352,030,382**	**1,322,970,470**	**1,531,684,844**	**3,947,632,241**	**653,973,903**	**1,324,830,423**	**23,177**	**10,061,320,442**	**100.00%**
Acreage	1,274	725	2,417	2,636	6,424	475	2,346		16,297	

(1) The total under "No. of Parcels" excludes the totals for the following value categories which represent duplicate parcel counts: SBE (state assessed property), Cross Reference and Unsecured.

Source: Riverside County Assessment Records and the City of Riverside

Table 2.0
City of Riverside Successor Agency
Summary of Key Redevelopment Plan Limitations
Multiple Project Areas

			---------- CURRENT LIMITS ----------				
PROJECT/AMENDMENT	**ADOPT. ORD. (1)**	**DATE ADOPTED**	**INCUR DEBT**	**PLAN TERM**	**RECEIVE TAX INCR.**	**LAST FISCAL YEAR $$**	**TAX INCR. $$ Limit**
ARLINGTON PROJECT							
Original Area	4619	11/28/1978	1/1/2014	11/28/2021	11/28/2031	2030-31	$50 Million
2000 Annex	6466	4/13/1999	4/13/2019	4/13/2030	4/13/2045	2043-44	None
2003 Annex	6685	6/24/2003	6/24/2023	6/24/2034	6/24/2049	2048-49	None
CASA BLANCA PROJECT							
Original Area	4348	11/9/1976	1/1/2014	11/9/2019	11/9/2029	2028-29	$265 Million
DOWNTOWN/AIRPORT MERGED							$621 Million
Downtown							
Original Area	3872	11/16/71	11/16/2011	11/16/2014	11/16/2024	2023-24	
1972 Annex (2)	3980	12/19/72	12/19/2012	12/19/2015	12/19/2025	2023-24	See Above
1974 Annex (2)	4108	05/07/74	1/1/2014	5/7/2017	5/7/2027	2026-27	Combined
1975 Annex	4246	11/18/75	1/1/2014	11/18/2018	11/18/2028	2026-27	Limit
1985 Annex	5238	11/27/84	11/27/2014	11/27/2027	11/27/2037	2036-37	
Airport							
Original Area	4355	12/01/76	1/1/2014	10/22/2019	10/22/2029	2028-29	See Above
1980 Annex	4800	06/10/80	1/1/2014	6/10/2023	6/10/2033	2032-33	Combined
1985 Annex	5240	11/27/84	11/27/2014	11/27/2027	11/27/2037	2036-37	Limit
HUNTER PARK/NORTHSIDE (3)							
Original Area	6686	6/24/2003	6/24/2023	6/24/2034	6/24/2049	2048-49	None
LA SIERRA/ARLANZA							
Original Area	6739	07/13/04	7/13/2024	7/13/2034	7/13/2049	2048-49	None
2005 Amendment (Delete Territory)	6828	10/18/2005	N/A	N/A	N/A	N/A	N/A
2006 Amendment (Delete Territory)	6892	7/25/2006	N/A	N/A	N/A	N/A	N/A
MAGNOLIA CENTER							
Original Area	6441	7/14/1998	7/14/2018	7/14/2029	7/14/2044	2043-44	None
UC/SYCAMORE MERGED							$1.2 Billion
University Corridor (Central Industrial)							
Original Area	4471	10/25/1977	1/1/2014	10/25/2020	10/25/2030	2029-30	See Above
1985 Annex	5239	11/27/1984	11/27/2014	11/27/2027	11/27/2037	2036-37	Combined
1998 Annex	6382	7/8/1997	7/8/2017	7/8/2028	7/8/2043	2042-43	Limit
Sycamore Canyon							
Original Area	5148	12/20/1983	1/1/2014	12/20/2026	12/20/2036	2035-36	See Above
1998 Annex	6383	7/8/1997	7/8/2017	7/8/2028	7/8/2043	2042-43	Combined

(1) Identifies only the ordinance number that adopted the Project Area or subarea and does not identify subsequent amendments that made other changes to the Redevelopment Plan.
(2) The tax increment revenues for these subareas are not separately identified or allocated by the County and have therefore not been separately identified in this Report.
(3) Hunter Park/Northside was merged with the Merged Downtown/Airport Project Area in 2009 but kept its same limitations.

Table 2.0
City of Riverside Successor Agency
Summary of Key Redevelopment Plan Limitations
Multiple Project Areas

			---------- CURRENT LIMITS ----------				
PROJECT/AMENDMENT	ADOPT. ORD. (1)	DATE ADOPTED	INCUR DEBT	PLAN TERM	RECEIVE TAX INCR.	LAST FISCAL YEAR $$	TAX INCR. $$ Limit

Table 3.0
City of Riverside Successor Agency
Major Taxpayers Fiscal 2014-15

No.	Assessee Name	Project Area	Predominant Use	# of Parcels	2014-15 Value	% Total Value	% Incr. Value
1	Tyler Mall Limited Partnership (1)	La Sierra	Shopping Center	8	194,240,796	1.9%	3.2%
3	Riverside Healthcare System (1)	Downtown/1975	Hospital	12	132,457,413	1.3%	2.2%
2	La Sierra University /College (1)	La Sierra	Res/Comm/Vacant	43	116,298,187	1.2%	1.9%
4	Rohr Inc.(1)	Airport/1985	Industrial	12	97,904,027	1.0%	1.6%
5	Advance Group 13 107 (1) (4)	La Sierra	Residential Apartments	2	96,578,500	1.0%	1.6%
6	State Street Bank and Trust (1) (2)	Sycamore/Original	Food Distr.Facility	2	84,999,998	0.8%	1.4%
7	Vestar Riverside Plaza LLC (3)	Magnolia Center	Shopping Center	10	75,294,606	0.7%	1.2%
8	Edgemont Community Services Dist (1) (5)	Sycamore	Industrial	5	60,202,798	0.6%	1.0%
9	Sterling Riverside 2 (1)	Hunter Park	Residential Apartments	1	52,909,462	0.5%	0.9%
10	Riverside Sycamore (1)	Sycamore/Original	Industrial	1	52,344,810	0.5%	0.9%
			TOTAL MAJORS (6)	**96**	**963,230,597**	**9.57%**	**15.95%**

(1) These properties have assessment appeals outstanding.
(2) Excludes $33 million in unsecured value at the same location with an assesse of Ralph's Grocery Company.
(3) Previous assessee for the property is JSP Corona Pointe LLC; prior to that it was BRE Properties.
(4) Formerly Riverside Plaza.
(5) Although Edgemont is a community services district, it owns several industrial buildings in the Sycamore Canyon Area that are taxable.
(6) The tenth largest assessee in 2027-28 when the Downtown/1975 amendment passes its deadline for receiving tax revenue, assuming values remain constant with 2014-15, is shown below:

Syc Canyons and Sierra	Sycamore	Industrial	2	51,500,000

Source: Riverside County Assessment Records

Table 3.1
City of Riverside Successor Agency
Major Taxpayers Fiscal 2014-15

Arlington Redevelopment Project (1)

No	Assessee Name	Predominant Use	# of Parcels	2014-15 Total	% Total Value	% Incr. Value
1	3100 Van Buren Blvd Apt Invest.	Residential Apartments	1	38,571,549	4.16%	7.93%
2	Riverside Properties	Commercial/Retail	2	34,154,981	3.68%	7.02%
3	Kienle and Kienle Investment (2)	Commercial/Retail	6	27,279,113	2.94%	5.61%
4	Wal Mart Real Estate Business	Discount Store/Center	3	16,182,812	1.74%	3.33%
5	Lowes HIW Inc. (2)	Home Impr. Store/Center	3	15,733,940	1.70%	3.23%
6	Aanesson Stonewood Apartments	Multi-family Residential	2	14,312,740	1.54%	2.94%
7	Sheun Tan	Unsecured	1	13,970,000	1.51%	2.87%
8	New Cingular Wireless PCS LLC	Commercial/Retail	2	13,576,354	1.46%	2.79%
9	Davidson Enterprises	Commercial/Retail	3	12,121,927	1.31%	2.49%
10	San Bernardo Company	Residential Apartments	1	11,579,700	1.25%	2.38%
		TOTAL MAJORS	**24**	**197,483,116**	**21.28%**	**40.60%**
		PROJECT AREA VALUE			**928,198,179**	**486,439,491**

Casa Blanca

No	Assessee Name	Predominant Use	# of Parcels	2014-15 Total	% Total Value	% Incr. Value
1	Carpenter Company (2)	Industrial Processing	6	40,089,775	11.39%	12.04%
2	Home Depot USA	Retail - Home Impr.	3	17,261,500	4.90%	5.19%
3	Nineway	Commercial	1	9,745,142	2.77%	2.93%
4	M. Hebbard MacArthur	Indust. Processing/Mfg.	3	9,203,141	2.61%	2.76%
5	Arlington Heights Citrus	Agricultural Processing	1	7,638,049	2.17%	2.29%
6	Malcom A. Smith	Commercial	4	7,530,593	2.14%	2.26%
7	Atomic Investment, Inc. (2)	Commercial	1	6,185,055	1.76%	1.86%
8	Muirlands Investment	Commercial	1	5,315,611	1.51%	1.60%
9	Dabney Properties	Commercial/Vacant	2	5,001,268	1.42%	1.50%
10	Corona College Hts Orange & Lemon	Farm Svcs/Unsecured	1	4,930,781	1.40%	1.48%
		TOTAL MAJORS	**23**	**112,900,915**	**32.07%**	**33.92%**
		PROJECT AREA VALUE			**352,030,382**	**332,863,246**

(1) Includes all subareas of the Arlington Project Area, including subareas E & F.
(2) Appeal are currently outstanding on these assessments.

Source: Riverside County Assessment Records

Table 3.2
City of Riverside Successor Agency
Major Taxpayers Fiscal 2014-15

Merged Downtown/Airport Redevelopment Project

No	Assessee Name	Predominant Use	# of Parcels	2014-15 Total	% Total Value	% Incr. Value
1	Riverside Healthcare System (1)	Hospital	12	132,457,413	10.01%	11.41%
2	Rohr Inc.(1)	Industrial	12	97,904,027	7.40%	8.43%
3	Citrus Towers Inc. (1)	Commercial	1	43,679,463	3.30%	3.76%
4	NNN Mission Square (1)	Office	4	38,852,725	2.94%	3.35%
5	Historic Mission Inn Corporation	Hotel	3	28,293,543	2.14%	2.44%
6	Riverside Gateway Associates (1)	Commercial	3	24,681,840	1.87%	2.13%
7	Raincross Promendade (1)	Residential	2	24,663,432	1.86%	2.12%
8	California Auto Dealers Exchange	Industrial/Vacant	19	24,534,930	1.85%	2.11%
9	Pinnacle Riverside Hospitality	Hotel	1	19,365,534	1.46%	1.67%
10	Chippewa Enterprise	Office	1	18,797,055	1.42%	1.62%
		-				
		TOTAL MAJORS	**58**	**453,229,962**	**34.26%**	**39.05%**
		PROJECT AREA VALUE			**1,322,970,470**	**1,160,757,945**

Hunter Park Redevelopment Project

No	Assessee Name	Predominant Use	# of Parcels	2014-15 Total	% Total Value	% Incr. Value
1	Sterling Riverside 2 (1)	Residential	1	52,909,462	3.45%	6.75%
2	Carbonlite Industries LLC	Unsecured	2	48,302,480	3.15%	6.16%
3	Prologis Tartgeted US Logistic	Commercial/Industrial	4	45,372,000	2.96%	5.79%
4	Koll/Per Riverside	Commercial/Industrial	9	37,925,590	2.48%	4.84%
5	Troy Coolidge No. 3	Commercial	1	26,488,555	1.73%	3.38%
6	Luxfur Inc	Industrial	3	25,774,358	1.68%	3.29%
7	Citrus Lewis Partnership	Commercial	5	24,895,193	1.63%	3.17%
8	GPT Riverside California (1)	Commercial	3	18,135,961	1.18%	2.31%
9	BH Rustin LLC (1)	Industrial	1	17,478,996	1.14%	2.23%
10	Synergon Investment (1)	Commercial	1	15,670,823	1.02%	2.00%
		-				
		TOTAL MAJORS	**30**	**312,953,418**	**20.43%**	**39.90%**
		PROJECT AREA VALUE			**1,531,684,844**	**784,249,570**

(1) These properties have assessment appeals outstanding.

Source: Riverside County Assessment Records

Table 3.3
City of Riverside Successor Agency
Major Taxpayers Fiscal 2014-15

La Sierra/Arlanza Redevelopment Project

No	Assessee Name	Predominant Use	# of Parcels	2014-15 Total	% Total Value	% Incr. Value
1	Tyler Mall Limited Partnership (1)	Shopping Center	8	195,438,624	4.95%	11.41%
2	La Sierra University / College (1)	Residential	43	116,298,187	2.95%	6.79%
3	Advance Group 13 107 (2)	Residential Apartments	2	96,578,500	2.45%	5.64%
4	Stremicks Heritage Foods LLC	Unsecured	1	38,108,146	0.97%	2.22%
5	Riverside Waterstone Owner	Residential Apartments	3	33,387,884	0.85%	1.95%
6	Davenport Riverwalk Partners (1)	Commercial/Retail	2	32,239,576	0.82%	1.88%
7	Grae La Sierra (1)	Neighborhood Retail	6	30,560,509	0.77%	1.78%
8	Cambria Heritage 55	Residential Apartments	1	27,926,212	0.71%	1.63%
9	JC Penney Company Inc	Department Store	4	27,489,670	0.70%	1.60%
10	Paseos at Magnolia	Residential Apartments	1	25,548,372	0.65%	1.49%
		TOTAL MAJORS	**71**	**623,575,680**	**15.80%**	**36.40%**
		PROJECT AREA VALUE			**3,947,632,241**	**1,712,963,515**

Magnolia Center Redevelopment Project

No	Assessee Name	Predominant Use	# of Parcels	2014-15 Total	% Total Value	% Incr. Value
1	Vestar Riverside Plaza LLC (3)	Shopping Center	10	75,294,606	11.51%	21.96%
2	Riverside Clinic Inv IV (1)	Medical Clinic	2	38,660,802	5.91%	11.27%
3	Magnolia Town Center Assoc	Neighborhood Retail	2	23,585,327	3.61%	6.88%
4	Sears Roebuck & Co	Department Store	2	16,026,997	2.45%	4.67%
5	WPI Arcal	Neighborhood Retail	2	14,099,135	2.16%	4.11%
6	Cole LA Riverside California LP	Commercial	2	14,021,200	2.14%	4.09%
7	Y OPCO	Commercial	1	12,500,000	1.91%	3.64%
8	Community Convalescent Center	Commercial	2	11,547,656	1.77%	3.37%
9	B H Central	Shopping Center	3	10,203,410	1.56%	2.98%
10	Vons Company Inc. (1)	Neighborhood Retail	2	10,095,821	1.54%	2.94%
		TOTAL MAJORS (3)	**28**	**226,034,954**	**34.56%**	**65.91%**
		PROJECT AREA VALUE			**653,973,903**	**342,939,973**

(1) These properties have assessment appeals outstanding.
(2) Previous assessee for the property is JSP Corona Pointe LLC; prior to that it was BRE Properties.
(3) Formerly Riverside Plaza.

Source: Riverside County Assessment Records

Table 3.4
City of Riverside Successor Agency
Major Taxpayers Fiscal 2014-15

University Corridor/Sycamore Canyon Merged Project

No	Assessee Name	Predominant Use	# of Parcels	2014-15 Total	% Total Value	% Incr. Value
1	State Street Bank and Trust (1) (2)	Food Distr.Facility	2	84,999,998	6.42%	6.98%
2	Edgemont Community Services Dist (1)	Industrial	5	60,202,798	4.54%	4.94%
3	Riverside Sycamore (1)	Industrial	1	52,344,810	3.95%	4.30%
4	Syc Canyons and Sierra (1)	Industrial	2	51,500,000	3.89%	4.23%
5	Bottling Group (1)	Manufacturing/Pepsi	2	50,720,518	3.83%	4.17%
6	HSRE PEP Riverside (1)	Commercial	1	45,701,095	3.45%	3.75%
7	GECMC 206-CA Iowa Road LP (3)	Residential Apartments	1	42,130,587	3.18%	3.46%
8	Pancal Sycamore Canyon	Commercial/Industrial	2	40,647,285	3.07%	3.34%
9	University Village Towers (1)	Residential	2	39,385,773	2.97%	3.24%
10	Space Center Sycamore Canyon	Industrial/Office Park	2	33,504,565	2.53%	2.75%
		TOTAL MAJORS	**20**	**501,137,429**	**37.83%**	**41.16%**
		PROJECT AREA VALUE			**1,324,830,423**	**1,217,470,664**

(1) These properties have assessment appeals outstanding.
(2) Excludes $33 million in unsecured value at the same location with an assesse of Ralph's Grocery Company.
(3) Formerly Riverside Partners.

Source: Riverside County Assessment Records

Table 4.0
City of Riverside
Median Sales Prices for Single Family Residential
Historical Citywide Trend

Calendar Year	Total # of SFR Sold	Current Year Median Sales Price	Prior Year Median Sales Price	Chg from Prior Year
2003	8,334	$232,409	$191,000	21.7%
2004	7,946	305,000	232,409	31.2%
2005	8,804	383,500	305,000	25.7%
2006	7,344	420,000	383,500	9.5%
2007	3,859	410,000	420,000	-2.4%
2008	4,773	257,000	410,000	-37.3%
2009	6,139	180,000	257,000	-30.0%
2010	5,220	191,000	180,000	6.1%
2011	4,796	190,000	191,000	-0.5%
2012	4,941	204,750	190,000	7.8%
2013	4,652	255,000	204,750	24.5%
June 2014 (1)	1,915	280,000	255,000	9.8%

(1) From January through June 2014, sales prices indicate a 9.8 percent increase in the median sales price for the first half of the year.

Source: DQNews reported data, current through June 2014.

Table 5.0
City of Riverside Successor Agency
Historical Taxable Values
Multiple Project Areas

Project Area	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**
Arlington	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
Casa Blanca	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
Downtown	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
Airport	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
Hunter Park	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	1,531,684,844
La Sierra	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
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
University Corridor	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
Sycamore Canyon	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
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**	**10,061,320,442**
% Change		14.48%	16.71%	4.91%	-4.70%	-2.43%	0.53%	-0.13%	2.05%	5.24%
Base Year (2)	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
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**	**6,037,684,404**
% Change		**33.57%**	**33.22%**	**8.56%**	**-7.91%**	**-3.35%**	**0.94%**	**-0.22%**	**3.58%**	**9.04%**
Proposition 13 Inflationary Trend		2.00%	2.00%	2.00%	2.00%	-0.02%	0.75%	2.00%	2.00%	0.45%

(1) The Agency deleted property from the La Sierra Project in 2003 and again in 2006. The reduced base year from the second adjustment was not reported by the County until 2010-11.
(2) Value reported by the County as the base year value for the purpose of determining taxes eligible for allocation to the Agency.

Source: Riverside County tax records

Table 6.0
Riverside Redevelopment Agency
All Project Areas Combined
Assessment Appeals Information (1)
Historical Appeal Summary

	---------- Actual Historical Activity ----------									
Year	Total # of Appeals Filed (1)	Total # Resolved Appeals	Total # Appeals Pending	AV of All Resolved Appeals	Original AV Successful Appeals	Change in AV (2)	Revised AV Successful Appeals	Actual Reduction as a % of AV Resolved (2)	Actual Reduction as a % of AV Successful	AV of Pending Appeals (3)
2009-10	798	794	4	2,177,415,045	660,396,954	(117,718,366)	542,678,588	-5.4%	-17.8%	3,268,100
2010-11	812	808	4	2,635,483,378	1,056,518,163	(178,459,715)	878,058,448	-6.8%	-16.9%	13,880,628
2011-12	515	493	22	1,992,833,288	539,893,811	(85,918,307)	453,975,504	-4.3%	-15.9%	121,488,113
2012-13	420	235	185	773,595,515	203,028,582	(35,541,540)	167,487,042	-4.6%	-17.5%	1,314,125,887
2013-14	331	35	296	166,961,096	44,466,696	(18,257,234)	26,209,462	-10.9%	-41.1%	1,694,819,086
TOTAL	**2,876**	**2,365**	**511**	**7,746,288,322**	**2,504,304,206**	**(435,895,162)**	**2,068,409,044**	**-5.6%**	**-17.4%**	**3,147,581,814**

(1) The number and value of appeals even for prior years can change if appeals information was input late into the County's data base, or if the reassessment on the property occurred later due to a valuation change or an escaped assessment.
(2) Amount shown as the reduction resulting from successful appeals is likely understated because in Riverside County only reductions made by the Appeals Board or formally stipulated are reflected. More informal agreements for reductions between the taxpayer and the Assessor are not generally reflected in the appeals data.
(3) Equals the total value for all appeals outstanding even in instances where one property's value is being disputed for multiple years.

Source: Riverside County Assessor's Appeal Database, updated through June 16, 2014.

Table 6.1
Riverside Redevelopment Agency
Arlington Redevelopment Project Area - All Subareas
Assessment Appeals Information (1)
Historical Appeal Summary

	---------- Actual Historical Activity ----------									
Year	**Total # of Appeals Filed (1)**	**Total # Resolved Appeals**	**Total # Appeals Pending**	**AV of All Resolved Appeals**	**Original AV Successful Appeals**	**Change in AV (2)**	**Revised AV Successful Appeals**	**Actual Reduction as a % of AV Resolved (2)**	**Actual Reduction as a % of AV Successful**	**AV of Pending Appeals (3)**
2009-10	90	90	0	139,085,323	18,100,169	(4,133,169)	13,967,000	-3.0%	-22.8%	-
2010-11	84	84	0	240,650,011	112,330,084	(21,672,236)	90,657,848	-9.0%	-19.3%	-
2011-12	48	46	2	188,151,554	47,775,041	(4,872,745)	42,902,296	-2.6%	-10.2%	1,972,469
2012-13	35	20	15	45,753,752	2,647,596	(853,596)	1,794,000	-1.9%	-32.2%	52,460,070
2013-14	28	1	27	10,353,013	-	-	-	0.0%	0.0%	66,408,788
TOTALS	**285**	**241**	**44**	**623,993,653**	**180,852,890**	**(31,531,746)**	**149,321,144**	**-5.1%**	**-17.4%**	**120,841,327**

(1) The number and value of appeals even for prior years can change if appeals information was input late into the County's data base, or if the reassessment on the property occurred later due to a valuation change or an escaped assessment.
(2) Amount shown as the reduction resulting from successful appeals is likely understated because in Riverside County only reductions made by the Appeals Board or formally stipulated are reflected. More informal agreements for reductions between the taxpayer and the Assessor are not generally reflected in the appeals data.
(3) Equals the total value for all appeals outstanding even in instances where one property's value is being disputed for multiple years.

Source: Riverside County Assessor's Appeal Database, updated through June 16, 2014.

Table 6.2
Riverside Redevelopment Agency
Casa Blanca Redevelopment Project Area
Assessment Appeals Information (1)
Historical Appeal Summary

Year	Total # of Appeals Filed (1)	Total # Resolved Appeals	Total # Appeals Pending	AV of All Resolved Appeals	Original AV Successful Appeals	Change in AV (2)	Revised AV Successful Appeals	Actual Reduction as a % of AV Resolved (2)	Actual Reduction as a % of AV Successful	AV of Pending Appeals (3)
	---------- Actual Historical Activity ----------									
2009-10	30	30	0	60,465,776	12,774,620	(3,730,330)	9,044,290	-6.2%	-29.2%	-
2010-11	26	26	0	60,376,090	18,821,368	(2,239,616)	16,581,752	-3.7%	-11.9%	-
2011-12	20	19	1	54,731,164	1,029,088	(154,088)	875,000	-0.3%	-15.0%	2,089
2012-13	16	14	2	14,497,622	-	-	-	0.0%	0.0%	13,035,550
2013-14	15	1	14	147,900	-	-	-	0.0%	0.0%	60,078,498
TOTALS	**107**	**90**	**17**	**190,218,552**	**32,625,076**	**(6,124,034)**	**26,501,042**	**-3.2%**	**-18.8%**	**73,116,137**

(1) The number and value of appeals even for prior years can change if appeals information was input late into the County's data base, or if the reassessment on the property occurred later due to a valuation change or an escaped assessment.
(2) Amount shown as the reduction resulting from successful appeals is likely understated because in Riverside County only reductions made by the Appeals Board or formally stipulated are reflected. More informal agreements for reductions between the taxpayer and the Assessor are not generally reflected in the appeals data.
(3) Equals the total value for all appeals outstanding even in instances where one property's value is being disputed for multiple years.

Source: Riverside County Assessor's Appeal Database, updated through June 16, 2014.

Table 6.3
Riverside Redevelopment Agency
Merged Downtown/Airport Redevelopment Project
Assessment Appeals Information (1)
Historical Appeal Summary

	---------- Actual Historical Activity ----------									
Year	**Total # of Appeals Filed (1)**	**Total # Resolved Appeals**	**Total # Appeals Pending**	**AV of All Resolved Appeals**	**Original AV Successful Appeals**	**Change in AV (2)**	**Revised AV Successful Appeals**	**Actual Reduction as a % of AV Resolved (2)**	**Actual Reduction as a % of AV Successful**	**AV of Pending Appeals (3)**
2009-10	147	145	2	533,603,276	175,294,100	(33,371,066)	141,923,034	-6.3%	-19.0%	536,596
2010-11	129	128	1	457,744,756	152,108,587	(29,006,997)	123,101,590	-6.3%	-19.1%	367,177
2011-12	92	90	2	453,659,687	108,682,688	(17,206,059)	91,476,629	-3.8%	-15.8%	24,851,272
2012-13	92	47	45	172,125,195	72,440,563	(11,141,495)	61,299,068	-6.5%	-15.4%	314,963,936
2013-14	57	8	49	53,361,266	44,035,474	(18,186,218)	25,849,256	-34.1%	-41.3%	363,244,754
TOTALS	**517**	**418**	**99**	**1,670,494,180**	**552,561,412**	**(108,911,835)**	**443,649,577**	**-6.5%**	**-19.7%**	**703,963,735**

(1) The number and value of appeals even for prior years can change if appeals information was input late into the County's data base, or if the reassessment on the property occurred later due to a valuation change or an escaped assessment.
(2) Amount shown as the reduction resulting from successful appeals is likely understated because in Riverside County only reductions made by the Appeals Board or formally stipulated are reflected. More informal agreements for reductions between the taxpayer and the Assessor are not generally reflected in the appeals data.
(3) Equals the total value for all appeals outstanding even in instances where one property's value is being disputed for multiple years.

Source: Riverside County Assessor's Appeal Database, updated through June 16, 2014.

Table 6.4
Riverside Redevelopment Agency
Hunter Park / Northside Redevelopment Project Area
Assessment Appeals Information (1)
Historical Appeal Summary

	---------- Actual Historical Activity ----------										
Year	**Total # of Appeals Filed (1)**	**Total # Resolved Appeals**	**Total # Appeals Pending**	**AV of All Resolved Appeals**	**Original AV Successful Appeals**	**Change in AV (2)**	**Revised AV Successful Appeals**	**Actual Reduction as a % of AV Resolved (2)**	**Actual Reduction as a % of AV Successful**	**AV of Pending Appeals (3)**
2009-10	125	125	0	160,845,570	24,999,514	(3,111,292)	21,888,222	-1.9%	-12.4%	-
2010-11	134	133	1	250,768,087	148,454,467	(20,178,506)	128,275,961	-8.0%	-13.6%	11,028,489
2011-12	77	73	4	190,498,637	95,659,245	(12,993,189)	82,666,056	-6.8%	-13.6%	11,657,632
2012-13	54	38	16	98,191,370	39,424,638	(4,366,638)	35,058,000	-4.4%	-11.1%	84,168,369
2013-14	58	3	55	23,963,507	-	-	-	0.0%	0.0%	206,099,981
TOTALS	**448**	**372**	**76**	**724,267,171**	**308,537,864**	**(40,649,625)**	**267,888,239**	**-5.6%**	**-13.2%**	**312,954,471**

(1) The number and value of appeals even for prior years can change if appeals information was input late into the County's data base, or if the reassessment on the property occurred later due to a valuation change or an escaped assessment.
(2) Amount shown as the reduction resulting from successful appeals is likely understated because in Riverside County only reductions made by the Appeals Board or formally stipulated are reflected. More informal agreements for reductions between the taxpayer and the Assessor are not generally reflected in the appeals data.
(3) Equals the total value for all appeals outstanding even in instances where one property's value is being disputed for multiple years.

Source: Riverside County Assessor's Appeal Database, updated through June 16, 2014.

Table 6.5
Riverside Redevelopment Agency
La Sierra / Arlanza Redevelopment Project Area
Assessment Appeals Information (1)
Historical Appeal Summary

	---------- Actual Historical Activity ----------									
Year	**Total # of Appeals Filed (1)**	**Total # Resolved Appeals**	**Total # Appeals Pending**	**AV of All Resolved Appeals**	**Original AV Successful Appeals**	**Change in AV (2)**	**Revised AV Successful Appeals**	**Actual Reduction as a % of AV Resolved (2)**	**Actual Reduction as a % of AV Successful**	**AV of Pending Appeals (3)**
2009-10	246	246	0	468,335,665	97,471,337	(15,833,560)	81,637,777	-3.4%	-16.2%	-
2010-11	284	284	0	733,795,187	258,042,726	(41,611,377)	216,431,349	-5.7%	-16.1%	-
2011-12	141	136	5	347,652,761	51,660,486	(9,867,963)	41,792,523	-2.8%	-19.1%	28,444,503
2012-13	113	68	45	141,209,500	20,953,288	(6,406,035)	14,547,253	-4.5%	-30.6%	361,422,307
2013-14	104	11	93	6,195,260	128,809	(71,016)	57,793	-1.1%	-55.1%	520,883,648
TOTALS	**888**	**745**	**143**	**1,697,188,373**	**428,256,646**	**(73,789,951)**	**354,466,695**	**-4.3%**	**-17.2%**	**910,750,458**

(1) The number and value of appeals even for prior years can change if appeals information was input late into the County's data base, or if the reassessment on the property occurred later du a valuation change or an escaped assessment.
(2) Amount shown as the reduction resulting from successful appeals is likely understated because in Riverside County only reductions made by the Appeals Board or formally stipulated are reflected. More informal agreements for reductions between the taxpayer and the Assessor are not generally reflected in the appeals data.
(3) Equals the total value for all appeals outstanding even in instances where one property's value is being disputed for multiple years.

Source: Riverside County Assessor's Appeal Database, updated through June 16, 2014.

Table 6.6
Riverside Redevelopment Agency
Magnolia Center Redevelopment Project Area
Assessment Appeals Information (1)
Historical Appeal Summary

	---------- Actual Historical Activity ----------									
Year	Total # of Appeals Filed (1)	Total # Resolved Appeals	Total # Appeals Pending	AV of All Resolved Appeals	Original AV Successful Appeals	Change in AV (2)	Revised AV Successful Appeals	Actual Reduction as a % of AV Resolved (2)	Actual Reduction as a % of AV Successful	AV of Pending Appeals (3)
2009-10	41	39	2	133,085,669	14,644,724	(2,179,112)	12,465,612	-1.6%	-14.9%	2,731,504
2010-11	40	38	2	150,853,164	24,587,591	(3,188,104)	21,399,487	-2.1%	-13.0%	2,484,962
2011-12	37	33	4	120,310,950	58,927,844	(9,804,844)	49,123,000	-8.1%	-16.6%	8,175,863
2012-13	34	18	16	57,047,299	10,745,008	(1,995,008)	8,750,000	-3.5%	-18.6%	52,780,951
2013-14	22	8	14	20,457,939	-	-	-	0.0%	0.0%	37,188,775
TOTALS	**174**	**136**	**38**	**481,755,021**	**108,905,167**	**(17,167,068)**	**91,738,099**	**-3.6%**	**-15.8%**	**103,362,055**

(1) The number and value of appeals even for prior years can change if appeals information was input late into the County's data base, or if the reassessment on the property occurred later due to a valuation change or an escaped assessment.
(2) Amount shown as the reduction resulting from successful appeals is likely understated because in Riverside County only reductions made by the Appeals Board or formally stipulated are reflected. More informal agreements for reductions between the taxpayer and the Assessor are not generally reflected in the appeals data.
(3) Equals the total value for all appeals outstanding even in instances where one property's value is being disputed for multiple years.

Source: Riverside County Assessor's Appeal Database, updated through June 16, 2014.

Table 6.7
Riverside Redevelopment Agency
University/Sycamore Merged Redevelopment Project
Assessment Appeals Information (1)
Historical Appeal Summary

				---------- Actual Historical Activity ----------						
Year	**Total # of Appeals Filed (1)**	**Total # Resolved Appeals**	**Total # Appeals Pending**	**AV of All Resolved Appeals**	**Original AV Successful Appeals**	**Change in AV (2)**	**Revised AV Successful Appeals**	**Actual Reduction as a % of AV Resolved (2)**	**Actual Reduction as a % of AV Successful**	**AV of Pending Appeals (3)**
2009-10	119	119	0	681,993,766	317,112,490	(55,359,837)	261,752,653	-8.1%	-17.5%	-
2010-11	115	115	0	741,296,083	342,173,340	(60,562,879)	281,610,461	-8.2%	-17.7%	-
2011-12	100	96	4	637,828,535	176,159,419	(31,019,419)	145,140,000	-4.9%	-17.6%	46,384,285
2012-13	76	30	46	244,770,777	56,817,489	(10,778,768)	46,038,721	-4.4%	-19.0%	435,294,704
2013-14	47	3	44	52,482,211	302,413	-	302,413	0.0%	0.0%	440,914,642
TOTALS	**457**	**363**	**94**	**2,358,371,372**	**892,565,151**	**(157,720,903)**	**734,844,248**	**-6.7%**	**-17.7%**	**922,593,631**

(1) The number and value of appeals even for prior years can change if appeals information was input late into the County's data base, or if the reassessment on the property occurred later due to a valuation change or an escaped assessment.
(2) Amount shown as the reduction resulting from successful appeals is likely understated because in Riverside County only reductions made by the Appeals Board or formally stipulated are reflected. More informal agreements for reductions between the taxpayer and the Assessor are not generally reflected in the appeals data.
(3) Equals the total value for all appeals outstanding even in instances where one property's value is being disputed for multiple years.

Source: Riverside County Assessor's Appeal Database, updated through June 16, 2014.

Table 7.1
City of Riverside Successor Agency
All Project Areas
Summary of Estimated Appeal Impact

Project Area	No. of Pending Appeals	Total Contested Value	Estimated Resolved Value (1)	Projected Impact on Future Value	Percent Change
Arlington	34	81,800,011	74,681,022	(7,118,989)	-8.7%
Casa Blanca	15	60,080,587	54,851,822	(5,228,765)	-8.7%
Downtown/Airport	69	416,697,791	380,432,917	(36,264,874)	-8.7%
Hunter Park	64	254,915,691	232,730,583	(22,185,108)	-8.7%
La Sierra	119	548,803,777	501,041,826	(47,761,951)	-8.7%
Magnolia Center	29	87,586,959	79,964,336	(7,622,623)	-8.7%
UC/Sycamore	76	599,001,407	546,870,796	(52,130,611)	-8.7%
TOTAL APPEALS	**406**	**2,048,886,223**	**1,870,573,303**	**(178,312,920)**	**-8.7%**

(1) The estimated resolved value is computed assuming an average reduction of 8.7 percent. This percentage is based on recent appeal resolution history for the Project Areas.

Table 7.2
City of Riverside Successor Agency
All Project Areas Combined
Pending Appeals by Applicant (1)

APPLICANT	Project Area	Years Outstanding	No. of Assmts.	Applicants Opinion	Contested Value (2)	Reduction Assumed (3)	Resolved Value	Est. Value Change
OUTSTANDING APPEALS (4)								
Tyler Mall LTD Partnership	La Sierra	2012 - 2013	1	10,000	143,976,203			
La Sierra University	La Sierra	2012 - 2013	4	72,825,000	122,046,158			
Rohr Inc.	Airport	2011 - 2013	1	4,000,000	107,030,969			
State Street Bank (Ralph's Grocery Applicant)	Sycamore	2012 - 2013	2	67,000,000	91,635,999			
Riverside Healthcare System	Downtown	2012 - 2013	1	62,589,514	82,406,901			
Sycamore Business Park LLC	Sycamore	2012 - 2013	5	44,148,002	58,864,000			
Bottling Group	Sycamore	2011 - 2013	1	22,683,258	53,135,629			
Sterling Riverside 2	Hunter Park	2013	1	35,000,000	52,670,340			
Riverside Sycamore LLC	Sycamore	2012 - 2013	1	45,000,000	52,007,697			
Syc Canyons and Sierra	Sycamore	2013	2	24,000,000	48,000,000			
HSRE - PEP Riverside LLC	University	2012	1	22,500,000	44,632,680			
Citrus Towers Inc.	Downtown	2012 - 2013	1	26,090,000	43,482,056			
Riverside Partners LSE & Bryan Richter et. al.	University	2012 - 2013	1	35,405,455	41,940,180			
Carpenter Company	Casa Blanca	2013	2	19,178,706	38,357,410			
WEDR Riverside Inv. V	University	2012	1	28,192,000	38,120,000			
NNN Misssion Square	Downtown	2012 - 2013	3	21,100,000	37,176,874			
GRAE La Sierra	La Sierra	2013	5	11,840,000	29,899,840			
Pancal Sycamore Canyon 237/258	Sycamore	2012	2	14,280,000	28,652,303			
Stephen M Blue, Davenport Partners	La Sierra	2013	2	18,442,000	27,686,880			
Riverside Clinic Inv IV LTD	Magnolia	2013	1	11,125,000	27,000,000			
Other Appeals	All Projects	2009- 2013	332	505,387,580	880,164,104			
TOTAL OUTSTANDING			370	1,090,796,515	2,048,886,223	8.7%	1,870,573,303	(178,312,920)
GRAND TOTAL AV REDUCTION			**370**	**1,090,796,515**	**2,048,886,223**	**N/A**	**1,870,573,303**	**(178,312,920)**
ESTIMATED TAX REFUNDS (5)								**N/A**

(1) Includes the most recent appealed value by applicant for the appeals with the largest assessed values with other appeals grouped under the "Other Appeals" line item.
(2) Amounts shown equal the value under dispute for the applicable year and do not necessarily equal the current year assessed values.
(3) The estimated reduction is based on recent appeal resolution history for the Project Areas. See Table 6.0.
(4) Includes appeals pending for 2013-14 and prior fiscal years; information on appeals filed for 2014-15 will not be available until sometime after December 2014.
(5) Because of the way in which Riverside County allocates taxes to redevelopment agencies, the Agency will essentially not be impacted by any refunds paid to taxpayers because of valuation reductions resulting from appeals.

Source: Riverside County Assessor's Appeal Database, updated through June 16, 2014.

Table 8.0
City of Riverside Successor Agency
Multiple Project Areas
Historical Tax Receipts

Description	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Secured	9,205,949,822	8,754,556,476	8,549,804,002	8,522,939,134	8,577,643,835	8,786,297,098
Unsecured	829,562,269	809,341,576	781,241,561	857,816,050	791,376,031	774,337,371
Total Value	10,035,512,091	9,563,898,052	9,331,045,563	9,380,755,184	9,369,019,866	9,560,634,469
Base Year Valuation	4,072,653,147	4,072,653,147	4,023,636,038	4,023,636,038	4,023,636,038	4,023,636,038
Incremental AV	5,962,858,944	5,491,244,905	5,307,409,525	5,357,119,146	5,345,383,828	5,536,998,431
Estimated Tax Levy	$ 60,429,334	$ 55,696,099	$ 53,850,392	$ 54,201,535	$ 54,062,198	$ 56,017,134
Tax Collections: (1)						
January 2nd Payment	N/A	N/A	N/A	27,261,461	27,008,895	29,030,302
June 1st Payment	N/A	N/A	N/A	27,228,692	27,600,547	29,065,507
Total Tax Revenues	65,329,228	57,859,982	55,723,865	54,490,153	54,609,442	58,095,809
Percentage of Gross Tax Levy	**108.1%**	**103.9%**	**103.5%**	**100.5%**	**101.0%**	**103.7%**
Gross Collections (from above)	$ 65,329,228	$ 57,859,982	$ 55,723,865	$ 54,490,153	$ 54,609,442	$ 58,095,809
Less: Administrative Fees	710,418	669,186	557,238	589,346	817,526	746,749
Pass Through Payments (2)	17,210,167	15,103,163	15,350,571	15,883,409	16,041,008	16,520,214
Housing Requirement (3)	13,065,846	11,571,996	11,144,773	5,452,292	-	-
Actual Net Tax Revenues	**$ 34,342,798**	**$ 30,515,637**	**$ 28,671,283 (4)**	**$ 32,565,106**	**$ 37,750,908**	**$ 40,828,846**

(1) Since the Dissolution Act, effective February 1, 2012, payments are statutorily made twice each year: once in January and once in June. Amounts shown for the January payment in 2011-12 include all payments made for the 2010-11 taxes allocated to the Agency through January 31, 2011.
(2) Includes payments made for tax sharing agreements and statutory AB 1290 pass through payments.
(3) Prior to redevelopment dissolution, the Project Area was subject to a 20 percent Housing Set-Aside requirement.
(4) Riverside County did not reduce the base year to reflect the area deleted in 2006 from the La Sierra/Arlanza Project Area until 2010-11 as shown. Tax receipts allocated to the La Sierra/Arlanza Project Area in 2010-11 include an additional $1.4 million attributable to amounts due in prior fiscal years.

Source: Riverside County Tax Records and City Finance Department.

Table 8.1
City of Riverside Successor Agency
Arlington Project Area - All Subareas
Historical Tax Receipts

AR-T

Description	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Arlington Project Area - All Subareas						
Secured	885,898,943	857,092,684	841,760,936	831,395,754	798,295,127	824,907,296
Unsecured	77,320,811	73,150,790	61,963,165	63,485,339	56,213,938	51,793,097
Total Value	963,219,754	930,243,474	903,724,101	894,881,093	854,509,065	876,700,393
Base Year Valuation	441,758,688	441,758,688	441,758,688	441,758,688	441,758,688	441,758,688
Incremental AV	521,461,066	488,484,786	461,965,413	453,122,405	412,750,377	434,941,705
Estimated Tax Levy	5,257,731	4,926,387	4,660,133	4,562,401	4,157,541	4,380,830
Tax Collections: (1)						
January 2nd Payment	N/A	N/A	N/A	2,309,923	2,072,582	2,203,971
June 1st Payment	N/A	N/A	N/A	2,250,635	2,083,054	2,225,571
Total Taxes Allocated (1)	5,538,426	5,204,170	4,740,428	4,560,558	4,155,636	4,429,542
Percentage of Gross Tax Levy	**105.3%**	**105.6%**	**101.7%**	**100.0%**	**100.0%**	**101.1%**
Total Taxes (from above)	5,538,426	5,204,170	4,740,428	4,560,558	4,155,636	4,429,542
Less: Administrative Fees	64,565	59,147	48,649	0	62,842	57,662
Pass Through Payments (2)	939,885	818,805	620,863	892,602	808,578	863,962
Housing Requirement (3)	1,107,685	1,040,834	948,086	461,985	-	-
Net Tax Revenues	**3,426,291**	**3,285,384**	**3,122,830**	**3,205,971**	**3,284,216**	**3,507,917**

(1) Since the Dissolution Act, effective February 1, 2012, payments are statutorily made twice each year: once in January and once in June. Amounts shown for the January payment in 2011-12 include all payments made for the 2010-11 taxes allocated to the Agency through January 31, 2011.
(2) Includes payments made for tax sharing agreements and statutory AB 1290 pass through payments.
(3) Prior to redevelopment dissolution, the Project Area was subject to a 20 percent Housing Set-Aside requirement.

Source: Riverside County Tax Records and City Finance Department.

Table 8.2
City of Riverside Successor Agency
Casa Blanca Redevelopment Project Area
Historical Tax Receipts

02-2708

Description	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Casa Blanca Redevelopment Project Area						
Secured	325,152,769	292,604,895	287,442,409	283,206,954	289,011,089	297,836,625
Unsecured	40,185,722	45,975,314	42,003,878	39,973,586	38,419,642	43,580,378
Total Value	365,338,491	338,580,209	329,446,287	323,180,540	327,430,731	341,417,003
Base Year Valuation	19,167,136	19,167,136	19,167,136	19,167,136	19,167,136	19,167,136
Incremental AV	346,171,355	319,413,073	310,279,151	304,013,404	308,263,595	322,249,867
Estimated Tax Levy	3,509,212	3,240,907	3,149,203	3,079,954	3,121,013	3,263,499
Tax Collections: (1)						
January 2nd Payment	N/A	N/A	N/A	1,557,051	1,562,092	1,640,921
June 1st Payment	N/A	N/A	N/A	1,553,334	1,624,749	1,651,161
Total Taxes Allocated (1)	**3,641,198**	**3,310,626**	**3,194,317**	**3,110,385**	**3,186,841**	**3,292,082**
Percentage of Gross Tax Levy	**103.8%**	**102.2%**	**101.4%**	**101.0%**	**102.1%**	**100.9%**
Total Taxes (from above)	3,641,198	3,310,626	3,194,317	3,110,385	3,186,841	3,292,082
Less: Administrative Fees	41,227	38,898	32,869	0	47,143	43,499
Pass Through Payments (2)	552,081	517,757	507,580	528,426	552,532	580,240
Housing Requirement (3)	728,240	662,125	638,863	311,410		
Net Tax Revenues	**2,319,651**	**2,091,846**	**2,015,005**	**2,270,549**	**2,587,166**	**2,668,343**

(1) Since the Dissolution Act, effective February 1, 2012, payments are statutorily made twice each year: once in January and once in June. Amounts shown for the January payment in 2011-12 include all payments made for the 2010-11 taxes allocated to the Agency through January 31, 2011.
(2) Includes payments made for tax sharing agreements and statutory AB 1290 pass through payments.
(3) Prior to redevelopment dissolution, the Project Area was subject to a 20 percent Housing Set-Aside requirement.

Source: Riverside County Tax Records and City Finance Department.

Table 8.3
City of Riverside Successor Agency
Merged Downtown/Airport Project
Historical Tax Receipts

DA-MT

Description	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Merged Downtown/Airport Project						
Secured	1,211,464,784	1,269,882,418	1,196,868,183	1,177,854,263	1,213,500,998	1,247,006,063
Unsecured	111,872,638	103,788,732	99,905,426	138,264,516	109,303,600	98,941,619
Total Value	1,323,337,422	1,373,671,150	1,296,773,609	1,316,118,779	1,322,804,598	1,345,947,682
Base Year Valuation	162,212,525	162,212,525	162,212,525	162,212,525	162,212,525	162,212,525
Incremental AV	1,161,124,897	1,211,458,625	1,134,561,084	1,153,906,254	1,160,592,073	1,183,735,157
Estimated Tax Levy	12,067,942	12,574,045	11,801,993	11,945,868	11,997,739	12,244,352
Tax Collections: (1)						
January 2nd Payment				5,970,494	5,992,256	6,924,066
June 1st Payment				6,034,024	6,300,753	6,140,539
Total Taxes Allocated (1)	12,885,675	13,025,753	12,084,152	12,004,518	12,293,009	13,064,605
Percentage of Gross Tax Levy	**106.8%**	**103.6%**	**102.4%**	**100.5%**	**102.5%**	**106.7%**
Total Taxes (from above)	12,885,675	13,025,753	12,084,152	12,004,518	12,293,009	13,064,605
Less: Administrative Fees	141,508	150,512	122,875	151,005	180,734	162,886
Pass Through Payments (2)	5,225,881	5,197,572	4,852,793	4,985,082	5,176,260	5,230,500
Housing Requirement (3)	2,577,135	2,605,151	2,416,830	1,194,099	-	-
Net Tax Revenues	**4,941,152**	**5,072,518**	**4,691,654**	**5,674,332**	**6,936,015**	**7,671,219**

(1) Since the Dissolution Act, effective February 1, 2012, payments are statutorily made twice each year: once in January and once in June. Amounts shown for the January payment in 2011-12 include all payments made for the 2010-11 taxes allocated to the Agency through January 31, 2011.
(2) Includes payments made for tax sharing agreements and statutory AB 1290 pass through payments.
(3) Prior to redevelopment dissolution, the Project Area was subject to a 20 percent Housing Set-Aside requirement.

Source: Riverside County Tax Records and City Finance Department.

Table 8.4
City of Riverside Successor Agency
Hunter Park / Northside Redevelopment Project Area
Historical Tax Receipts

02-2726

Description	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Hunter Park / Northside Redevelopment Project Area						
Secured	1,363,866,998	1,266,274,782	1,246,216,890	1,215,384,506	1,267,405,968	1,279,636,121
Unsecured	182,710,867	154,937,725	138,081,980	140,523,909	167,695,583	183,165,850
Total Value	1,546,577,865	1,421,212,507	1,384,298,870	1,355,908,415	1,435,101,551	1,462,801,971
Base Year Valuation	747,435,274	747,435,274	747,435,274	747,435,274	747,435,274	747,435,274
Incremental AV	799,142,591	673,777,233	636,863,596	608,473,141	687,666,277	715,366,697
Estimated Tax Levy	8,039,908	6,781,723	6,411,111	6,118,752	6,909,431	7,190,667
Tax Collections: (1)						
January 2nd Payment	N/A	N/A	N/A	3,046,384	3,479,363	3,599,980
June 1st Payment	N/A	N/A	N/A	3,109,271	3,395,786	3,865,419
Total Taxes Allocated (1)	**8,896,170**	**7,072,496**	**6,499,867**	**6,155,655**	**6,875,149**	**7,465,399**
Percentage of Gross Tax Levy	**110.7%**	**104.3%**	**101.4%**	**100.6%**	**99.5%**	**103.8%**
Total Taxes (from above)	8,896,170	7,072,496	6,499,867	6,155,655	6,875,149	7,465,399
Less: Administrative Fees	93,035	81,835	66,975	77,346	104,476	95,918
Pass Through Payments (2)	1,490,917	1,107,425	1,813,086	1,231,131	1,375,029	1,493,079
Housing Requirement (3)	1,779,234	1,414,499	1,299,973	609,277	-	-
Net Tax Revenues	**5,532,985**	**4,468,737**	**3,319,833**	**4,237,901**	**5,395,644**	**5,876,402**

(1) Since the Dissolution Act, effective February 1, 2012, payments are statutorily made twice each year: once in January and once in June. Amounts shown for the January payment in 2011-12 include all payments made for the 2010-11 taxes allocated to the Agency through January 31, 2011.
(2) Includes payments made for tax sharing agreements and statutory AB 1290 pass through payments.
(3) Prior to redevelopment dissolution, the Project Area was subject to a 20 percent Housing Set-Aside requirement.

Source: Riverside County Tax Records and City Finance Department.

Table 8.5
City of Riverside Successor Agency
La Sierra / Arlanza Redevelopment Project Area
Historical Tax Receipts

02-2719

Description	2008-09	2009-10	2010-11 (4)	2011-12	2012-13	2013-14
La Sierra / Arlanza Redevelopment Project Area						
Secured	3,734,479,469	3,325,443,484	3,256,290,065	3,315,423,311	3,307,498,963	3,424,922,182
Unsecured	180,594,279	189,531,201	179,645,774	191,757,435	186,896,546	188,838,933
Total Value	3,915,073,748	3,514,974,685	3,435,935,839	3,507,180,746	3,494,395,509	3,613,761,115
Base Year Valuation	2,283,685,835	2,283,685,835	2,234,668,726	2,234,668,726	2,234,668,726	2,234,668,726
Incremental AV	1,631,387,913	1,231,288,850	1,201,267,113	1,272,512,020	1,259,726,783	1,379,092,389
Estimated Tax Levy	16,420,653	12,404,140	12,102,722	12,797,316	12,666,805	13,867,924
Tax Collections: (1)						
January 2nd Payment	N/A	N/A	N/A	6,492,261	6,415,130	7,075,279
June 1st Payment	N/A	N/A	N/A	6,604,541	6,562,422	7,377,513
Total Taxes Allocated (1)	**17,949,464**	**12,476,011**	**13,289,914**	**13,096,802**	**12,977,552**	**14,452,792**
Percentage of Gross Tax Levy	**109.3%**	**100.6%**	**109.8%**	**102.3%**	**102.5%**	**104.2%**
Total Taxes (from above)	17,949,464	12,476,011	13,289,914	13,096,802	12,977,552	14,452,792
Less: Administrative Fees	189,986	148,992	121,285	161,769	191,513	184,987
Pass Through Payments (2)	3,035,911	2,007,090	2,245,918	2,619,360	2,595,509	2,890,558
Housing Requirement (3)	3,589,893	2,495,202	2,657,983	1,298,452	-	-
Net Tax Revenues	**11,133,675**	**7,824,727**	**8,264,728**	**9,017,221**	**10,190,530**	**11,377,247**

(1) Since the Dissolution Act, effective February 1, 2012, payments are statutorily made twice each year: once in January and once in June. Amounts shown for the January payment in 2011-12 include all payments made for the 2010-11 taxes allocated to the Agency through January 31, 2011.
(2) Includes payments made for tax sharing agreements and statutory AB 1290 pass through payments.
(3) Prior to redevelopment dissolution, the Project Area was subject to a 20 percent Housing Set-Aside requirement.
(4) Riverside County did not reduce the base year to reflect the area deleted in 2006 until 2010-11 as shown. Tax receipts allocated to the Project Area in 2010-11 include an additional $1.4 million attributable to amounts due in prior fiscal years.

Source: Riverside County Tax Records and City Finance Department.

Table 8.6
City of Riverside Successor Agency
Magnolia Center Redevelopment Project Area
Historical Tax Receipts

02-2717

Description	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Magnolia Center Redevelopment Project Area						
Secured	536,714,402	538,699,831	536,314,282	538,981,437	537,506,154	554,008,445
Unsecured	86,818,389	81,033,199	78,816,739	83,053,946	69,961,361	68,735,661
Total Value	623,532,791	619,733,030	615,131,021	622,035,383	607,467,515	622,744,106
Base Year Valuation	311,033,930	311,033,930	311,033,930	311,033,930	311,033,930	311,033,930
Incremental AV	312,498,861	308,699,100	304,097,091	311,001,453	296,433,585	311,710,176
Estimated Tax Levy	3,145,523	3,107,339	3,061,135	3,126,340	2,980,159	3,134,102
Tax Collections: (1)						
January 2nd Payment	N/A	N/A	N/A	1,593,524	1,471,665	1,579,953
June 1st Payment	N/A	N/A	N/A	1,581,379	1,520,424	1,745,780
Total Taxes Allocated (1)	**3,261,115**	**3,182,347**	**3,118,349**	**3,174,903**	**2,992,089**	**3,325,733**
Percentage of Gross Tax Levy	**103.7%**	**102.4%**	**101.9%**	**101.6%**	**100.4%**	**106.1%**
Total Taxes (from above)	3,261,115	3,182,347	3,118,349	3,174,903	2,992,089	3,325,733
Less: Administrative Fees	37,082	37,335	31,981	39,520	45,057	41,812
Pass Through Payments (2)	553,774	537,101	381,467	634,980	598,417	665,146
Housing Requirement (3)	652,223	636,469	623,670	318,705	-	-
Net Tax Revenues	**2,018,036**	**1,971,442**	**2,081,231**	**2,181,698**	**2,348,615**	**2,618,774**

(1) Since the Dissolution Act, effective February 1, 2012, payments are statutorily made twice each year: once in January and once in June. Amounts shown for the January payment in 2011-12 include all payments made for the 2010-11 taxes allocated to the Agency through January 31, 2011.
(2) Includes payments made for tax sharing agreements and statutory AB 1290 pass through payments.
(3) Prior to redevelopment dissolution, the Project Area was subject to a 20 percent Housing Set-Aside requirement.

Source: Riverside County Tax Records and City Finance Department.

Table 8.7
City of Riverside Successor Agency
Merged University/Sycamore Total
Historical Tax Receipts

US-MT

Description	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Merged University/Sycamore Total						
Secured	1,148,372,457	1,204,558,382	1,184,911,237	1,160,692,909	1,164,425,536	1,157,980,366
Unsecured	150,059,563	160,924,615	180,824,599	200,757,319	162,885,361	139,281,833
Total Value	1,298,432,020	1,365,482,997	1,365,735,836	1,361,450,228	1,327,310,897	1,297,262,199
Base Year Valuation	107,359,759	107,359,759	107,359,759	107,359,759	107,359,759	107,359,759
Incremental AV	1,191,072,261	1,258,123,238	1,258,376,077	1,254,090,469	1,219,951,138	1,189,902,440
Estimated Tax Levy	11,988,366	12,661,557	12,664,096	12,570,905	12,229,511	11,935,760
Tax Collections: (1)						
January 2nd Payment	N/A	N/A	N/A	6,291,824	6,015,807	6,006,132
June 1st Payment	N/A	N/A	N/A	6,095,508	6,113,359	6,059,524
Total Taxes Allocated (1)	**13,157,179**	**13,588,579**	**12,796,838**	**12,387,332**	**12,129,166**	**12,065,656**
Percentage of Gross Tax Levy (4)	**109.7%**	**107.3%**	**101.0%**	**98.5%**	**99.2%**	**101.1%**
Total Taxes (from above)	13,157,179	13,588,579	12,796,838	12,387,332	12,129,166	12,065,656
Less: Administrative Fees	143,015	152,467	132,604	159,706	185,760	159,985
Pass Through Payments (2)	5,411,719	4,917,413	4,928,864	4,991,828	4,934,683	4,796,728
Housing Requirement (3)	2,631,436	2,717,716	2,559,368	1,258,365	-	-
Net Tax Revenues	**4,971,010**	**5,800,983**	**5,176,002**	**5,977,433** (4)	**7,008,723**	**7,108,944**

(1) Since the Dissolution Act, effective February 1, 2012, payments are statutorily made twice each year: once in January and once in June. Amounts shown for the January payment in 2011-12 include all payments made for the 2010-11 taxes allocated to the Agency through January 31, 2011.
(2) Includes payments made for tax sharing agreements and statutory AB 1290 pass through payments.
(3) Prior to redevelopment dissolution, the Project Area was subject to a 20 percent Housing Set-Aside requirement.
(4) Negative supplemental revenues account for taxes allocated being somewhat less than the estimated levy amount.

Source: Riverside County Tax Records and City Finance Department.

Table 9.0
City of Riverside Successor Agency
Multiple Project Areas Combining
2014-15 Assessed Values and Revenues

Description	Arlington	Casa Blanca	Downtown / Airport	Hunter Park	La Sierra / Arlanza	Magnolia Center	UC / Sycamore Canyon	Merged Total
ASSESSED VALUES (1)								
Secured (including SBE)								
Land	304,711,303	103,053,555	315,672,144	407,970,895	1,160,845,096	199,068,855	293,766,007	2,785,087,855
Improvements	621,556,356	211,530,085	877,750,461	965,500,767	2,950,707,847	403,414,277	895,054,104	6,925,513,897
Personal Property	15,926,546	334,564	94,119,093	9,611,999	33,135,320	4,283,368	11,746,737	169,157,627
Other Exemptions	(84,545,716)	(8,865,628)	(76,471,042)	(36,225,107)	(393,874,110)	(22,893,260)	(32,970,569)	(655,845,432)
Total Secured	857,648,489	306,052,576	1,211,070,656	1,346,858,554	3,750,814,153	583,873,240	1,167,596,279	9,223,913,947
Unsecured								
Land	53,257	2,163	-	10,551	317,117	-	5,944	389,032
Improvements	30,034,729	28,941,818	44,545,853	98,422,827	113,959,675	32,101,415	105,304,895	453,311,212
Personal Property	40,461,704	17,033,825	71,009,169	87,166,618	103,353,933	38,160,304	52,463,427	409,648,980
Other Exemptions	-	-	(3,655,208)	(773,706)	(20,812,637)	(161,056)	(540,122)	(25,942,729)
Unsecured Total	70,549,690	45,977,806	111,899,814	184,826,290	196,818,088	70,100,663	157,234,144	837,406,495
TOTAL VALUE	**928,198,179**	**352,030,382**	**1,322,970,470**	**1,531,684,844**	**3,947,632,241**	**653,973,903**	**1,324,830,423**	**10,061,320,442**
TAX REVENUE								
Total Value (from above)	928,198,179	352,030,382	1,322,970,470	1,531,684,844	3,947,632,241	653,973,903	1,324,830,423	10,061,320,442
Less: Base Year	441,758,688	19,167,136	162,212,525	747,435,274	2,234,668,726	311,033,930	107,359,759	4,023,636,038
Incremental Value	486,439,491	332,863,246	1,160,757,945	784,249,570	1,712,963,515	342,939,973	1,217,470,664	6,037,684,404
Tax Increment @ 1.0%	4,864,395	3,328,632	11,607,579	7,842,496	17,129,635	3,429,400	12,174,707	60,376,844
Estimated Unitary	31,000	41,000	407,000	37,000	77,000	17,000	98,000	708,000
GROSS TAX INCREMENT	**4,895,395**	**3,369,632**	**12,014,579**	**7,879,496**	**17,206,635**	**3,446,400**	**12,272,707**	**61,084,844**
OFFSETS TO TAX INCREMENT								
Housing Set-Aside (2)	-	-	-	-	-	-	-	-
Admin Charge	68,536	47,175	168,204	110,313	240,893	48,250	171,818	855,188
Senior Tax Sharing Payments	-	-	3,893,023	-	-	-	3,729,740	7,622,763
Senior Bond Debt Service	1,234,868	859,386	678,437	1,556,025	3,040,965	1,207,148	1,422,757	9,999,586
Other Senior Obligations	22,000	-	312,000	-	2,193,190	-	-	2,527,190
TAX REVENUE	**3,569,992**	**2,463,071**	**6,962,915**	**6,213,158**	**11,731,588**	**2,191,002**	**6,948,392**	**40,080,118**
% of Total Tax Revenue	**8.9%**	**6.1%**	**17.4%**	**15.5%**	**29.3%**	**5.5%**	**17.3%**	**100.0%**
Memo: Subordinate Tax Sharing	1,022,113	420,311	1,067,730	1,680,157	3,425,927	735,447	1,185,976	9,537,662

(1) Assessed values for 2014-15, as reported by the County in August 2014
(2) Commencing with the dissolution of redevelopment agencies, the Agency is no longer required to set-aside a portion of revenues for housing purposes

Source: County of Riverside and DHA Consulting

Table 9.1
City of Riverside Successor Agency
Arlington Project Area - All Subareas
2014-15 Assessed Values and Revenues

Description	Original Area	2000 Annex	2003 A - D	2003 E & F	Project Total
ASSESSED VALUES (1)					
Secured (including SBE)					
Land	8,406,355	215,036,414	50,043,374	31,225,160	304,711,303
Improvements	11,217,098	417,541,357	117,831,160	74,966,741	621,556,356
Personal Property	59,338	3,550,184	11,348,448	968,576	15,926,546
Other Exemptions	(344,373)	(25,298,372)	(58,902,971)	-	(84,545,716)
Total Secured	19,338,418	610,829,583	120,320,011	107,160,477	857,648,489
Unsecured	19,338,418	610,773,826	120,320,011	107,150,023	
Land	-	53,257	-	-	53,257
Improvements	511,102	24,222,113	3,057,332	2,244,182	30,034,729
Personal Property	438,667	27,000,194	6,792,580	6,230,263	40,461,704
Other Exemptions	-	-	-	-	-
Unsecured Total	949,769	51,275,564	9,849,912	8,474,445	70,549,690
TOTAL VALUE	**20,288,187**	**662,105,147**	**130,169,923**	**115,634,922**	**928,198,179**
TAX REVENUE	949,769				
Total Value (from above)	20,288,187	662,105,147	130,169,923	115,634,922	928,198,179
Less: Base Year	3,769,104	301,788,942	62,650,042	73,550,600	441,758,688
Incremental Value	16,519,083	360,316,205	67,519,881	42,084,322	486,439,491
Tax Increment @ 1.0%	165,191	3,603,162	675,199	420,843	4,864,395
Estimated Unitary	4,000	21,000	4,000	2,000	31,000
GROSS TAX INCREMENT	**169,191**	**3,624,162**	**679,199**	**422,843**	**4,895,395**
OFFSETS TO TAX INCREMENT					
Housing Set-Aside (2)					-
Admin Charge	2,369	50,738	9,509	5,920	68,536
Senior Tax Sharing Payments	-	-	-	-	-
Senior Bond Debt Service (3)					1,234,868
Other Senior Obligations (3)	-	-	-	-	22,000
TAX REVENUE	**166,822**	**3,573,424**	**669,690**	**416,923**	**3,569,992**
Memo: Subordinate Tax Sharing	11,066	782,336	143,441	85,269	1,022,113

(1) Assessed values for 2014-15, as reported by the County in August 2014
(2) Commencing with the dissolution of redevelopment agencies, the Agency is no longer required to set-aside a portion of revenues for housing purposes.
(3) The senior obligations for the Project Area are payable from the entire area and not individual subareas

Source: County of Riverside and DHA Consulting

Table 9.2
City of Riverside Successor Agency
Downtown/Airport Merged Redevelopment Project
2014-15 Assessed Values and Revenues

	Downtown Sub Areas			Airport Sub Areas			Merged
Description	**Original Area**	**1975 Annex**	**1985 Annex**	**Original Area**	**1980 Annex**	**1985 Annex**	**Total**
ASSESSED VALUES (1)							
Secured (including SBE)							
Land	25,845,497	110,373,887	35,467,664	53,541,724	70,770,400	19,672,972	315,672,144
Improvements	114,930,329	358,407,167	75,099,499	145,357,533	121,488,342	62,467,591	877,750,461
Personal Property	4,169,040	36,301,896	28,166	4,004,103	6,398,182	43,217,706	94,119,093
Other Exemptions	(8,344,163)	(12,288,884)	(11,332,197)	(36,735,456)	(3,215,429)	(4,554,913)	(76,471,042)
Total Secured	136,600,703	492,794,066	99,263,132	166,167,904	195,441,495	120,803,356	1,211,070,656
Unsecured							
Land	-	-	-	-	-	-	-
Improvements	3,416,922	15,491,519	1,510,061	3,723,004	17,178,271	3,226,076	44,545,853
Personal Property	3,981,547	25,733,870	2,197,611	21,131,726	15,601,374	2,363,041	71,009,169
Other Exemptions	(117,166)	(1,413,972)	-	(225,800)	(1,424,362)	(473,908)	(3,655,208)
Unsecured Total	7,281,303	39,811,417	3,707,672	24,628,930	31,355,283	5,115,209	111,899,814
TOTAL VALUE	**143,882,006**	**532,605,483**	**102,970,804**	**190,796,834**	**226,796,778**	**125,918,565**	**1,322,970,470**
TAX REVENUE							
Total Value (from above)	143,882,006	532,605,483	102,970,804	190,796,834	226,796,778	125,918,565	1,322,970,470
Less: Base Year	13,086,296	43,177,132	19,586,235	7,267,616	26,286,468	52,808,778	162,212,525
Incremental Value	130,795,710	489,428,351	83,384,569	183,529,218	200,510,310	73,109,787	1,160,757,945
Tax Increment @ 1.0%	1,307,957	4,894,284	833,846	1,835,292	2,005,103	731,098	11,607,579
Estimated Unitary	260,000	78,000	6,000	29,000	25,000	9,000	407,000
GROSS TAX INCREMENT	**1,567,957**	**4,972,284**	**839,846**	**1,864,292**	**2,030,103**	**740,098**	**12,014,579**
OFFSETS TO TAX INCREMENT							
Housing Set-Aside (2)	-	-	-	-	-	-	-
Admin Charge	21,951	69,612	11,758	26,100	28,421	10,361	168,204
Senior Tax Sharing Payments	506,822	1,607,058	271,258	605,928	657,613	244,344	3,893,023
Senior Bond Debt Service (3)							678,437
Other Senior Obligations (3)	-	-	-	-	-	-	312,000
TAX REVENUE	**1,039,184**	**3,295,613**	**556,830**	**1,232,264**	**1,344,068**	**485,392**	**6,962,915**
Memo: Subordinate Tax Sharing	122,808	438,746	85,712	161,947	176,293	82,224	1,067,730

(1) Assessed values for 2014-15, as reported by the County in August 2014
(2) Commencing with the dissolution of redevelopment agencies, the Agency is no longer required to set-aside a portion of revenues for housing purposes
(3) The senior obligations for the Project Area are payable from the entire area and not individual subareas

Source: County of Riverside and DHA Consulting

Table 9.3
City of Riverside Successor Agency
University Corridor/Sycamore Canyon
2014-15 Assessed Values and Revenues

	University Corridor Sub Area			Sycamore Canyon Sub Area		Merged
Description	**Original Area**	**1985 Annex**	**1998 Annex**	**Original Area**	**1998 Annex**	**Total**
ASSESSED VALUES (1)						
Secured (including SBE)						
Land	42,667,097	91,262,897	8,414,873	145,037,219	6,383,921	293,766,007
Improvements	74,258,924	288,628,419	20,542,110	500,851,748	10,772,903	895,054,104
Personal Property	1,706,462	1,708,721	404,473	7,927,081	-	11,746,737
Other Exemptions	(4,232,696)	(19,669,949)	(9,067,924)	-	-	(32,970,569)
Total Secured	114,399,787	361,930,088	20,293,532	653,816,048	17,156,824	1,167,596,279
Unsecured						
Land	-	5,944	-	-	-	5,944
Improvements	5,776,719	12,432,879	63,880	86,597,794	433,623	105,304,895
Personal Property	6,060,643	9,994,100	330,673	35,802,879	275,132	52,463,427
Other Exemptions	(409,681)	(130,441)	-	-	-	(540,122)
Unsecured Total	11,427,681	22,302,482	394,553	122,400,673	708,755	157,234,144
TOTAL VALUE	**125,827,468**	**384,232,570**	**20,688,085**	**776,216,721**	**17,865,579**	**1,324,830,423**
TAX REVENUE						
Total Value (from above)	125,827,468	384,232,570	20,688,085	776,216,721	17,865,579	1,324,830,423
Less: Base Year	15,303,446	70,600,901	8,026,498	7,673,718	5,755,196	107,359,759
Incremental Value	110,524,022	313,631,669	12,661,587	768,543,003	12,110,383	1,217,470,664
Tax Increment @ 1.0%	1,105,240	3,136,317	126,616	7,685,430	121,104	12,174,707
Estimated Unitary	22,000	26,000	1,000	48,000	1,000	98,000
GROSS TAX INCREMENT	**1,127,240**	**3,162,317**	**127,616**	**7,733,430**	**122,104**	**12,272,707**
OFFSETS TO TAX INCREMENT						
Housing Set-Aside (2)	-	-	-	-		-
Admin Charge	15,781	44,272	1,787	108,268	1,709	171,818
Senior Tax Sharing Payments	327,256	937,710	-	2,464,773	-	3,729,740
Senior Bond Debt Service (3)						1,422,757
Other Senior Obligations (3)	-	-	-	-	-	-
TAX REVENUE	**784,202**	**2,180,334**	**125,829**	**5,160,389**	**120,394**	**6,948,392**
Memo: Subordinate Tax Sharing	78,705	332,651	29,445	717,970	27,205	1,185,976

(1) Assessed values for 2014-15, as reported by the County in August 2014
(2) Commencing with the dissolution of redevelopment agencies, the Agency is no longer required to set-aside a portion of revenues for housing purposes.
(3) The senior obligations for the Project Area are payable from the entire area and not individual subareas

Source: County of Riverside and DHA Consulting

Table 10.1
City of Riverside Successor Agency
All Project Areas Combined (1)
Tax Increment Projection

Fiscal Year	Real Property (2)	Other Property	Total Property	Tax Value Changes (3)	Total Value	Less: Base Year	Incremental Tax Value	Gross Tax Revenue
2014-15	9,482,513,835	578,806,607	10,061,320,442		10,061,320,442	4,023,636,038	6,037,684,404	61,084,844
2015-16	9,610,527,772	578,806,607	10,189,334,379	(29,332,307)	10,160,002,072	4,023,636,038	6,136,366,034	62,071,660
2016-17	9,772,819,374	578,806,607	10,351,625,981	(89,156,460)	10,262,469,521	4,023,636,038	6,238,833,483	63,096,335
2017-18	9,877,336,173	578,806,607	10,456,142,780	-	10,456,142,780	4,023,636,038	6,432,506,742	65,033,067
2018-19	10,074,882,896	578,806,607	10,653,689,503	-	10,653,689,503	4,023,636,038	6,630,053,465	67,008,535
2019-20	10,276,380,554	578,806,607	10,855,187,161	-	10,855,187,161	4,023,636,038	6,831,551,123	69,023,511
2020-21	10,481,908,165	578,806,607	11,060,714,772	-	11,060,714,772	4,023,636,038	7,037,078,734	71,078,787
2021-22	10,691,546,328	578,806,607	11,270,352,935	-	11,270,352,935	4,023,636,038	7,246,716,897	73,175,169
2022-23	10,905,377,255	578,806,607	11,484,183,862	-	11,484,183,862	4,023,636,038	7,460,547,824	75,313,478
2023-24	11,123,484,800	578,806,607	11,702,291,407	-	11,702,291,407	4,023,636,038	7,678,655,369	77,494,554
2024-25	11,186,355,111	570,656,020	11,757,011,131	-	11,757,011,131	4,010,549,742	7,746,461,389	77,912,614
2025-26	11,410,082,213	570,656,020	11,980,738,233	-	11,980,738,233	4,010,549,742	7,970,188,491	80,149,885
2026-27	11,638,283,857	570,656,020	12,208,939,877	-	12,208,939,877	4,010,549,742	8,198,390,135	82,431,901
2027-28	11,271,926,178	508,620,254	11,780,546,432	-	11,780,546,432	3,967,372,610	7,813,173,822	78,501,738
2028-29	11,497,364,702	508,620,254	12,005,984,956	-	12,005,984,956	3,967,372,610	8,038,612,346	80,756,123
2029-30	11,062,614,901	466,116,036	11,528,730,937	-	11,528,730,937	3,940,937,858	7,587,793,079	76,177,931
2030-31	11,128,049,885	458,348,931	11,586,398,816	-	11,586,398,816	3,925,634,412	7,660,764,404	76,885,644
2031-32	11,323,076,441	457,850,926	11,780,927,367	-	11,780,927,367	3,921,865,308	7,859,062,059	78,864,621
2032-33	11,549,537,969	457,850,926	12,007,388,895	-	12,007,388,895	3,921,865,308	8,085,523,587	81,129,236
2033-34	11,490,020,608	435,851,370	11,925,871,978	-	11,925,871,978	3,895,578,840	8,030,293,138	80,551,931
2034-35	11,719,821,020	435,851,370	12,155,672,390	-	12,155,672,390	3,895,578,840	8,260,093,550	82,849,936
2035-36	11,954,217,441	435,851,370	12,390,068,811	-	12,390,068,811	3,895,578,840	8,494,489,971	85,193,900
2036-37	10,555,101,898	380,418,589	10,935,520,487	-	10,935,520,487	3,817,304,221	7,118,216,266	71,357,163
2037-38	10,490,684,659	332,612,065	10,823,296,724	-	10,823,296,724	3,744,909,208	7,078,387,516	70,943,875
2038-39	10,700,498,353	332,612,065	11,033,110,418	-	11,033,110,418	3,744,909,208	7,288,201,210	73,042,012
2039-40	10,914,508,320	332,612,065	11,247,120,385	-	11,247,120,385	3,744,909,208	7,502,211,177	75,182,112
2040-41	11,132,798,486	332,612,065	11,465,410,551	-	11,465,410,551	3,744,909,208	7,720,501,343	77,365,013
2041-42	11,355,454,456	332,612,065	11,688,066,521	-	11,688,066,521	3,744,909,208	7,943,157,313	79,591,573

(1) Reflects all redevelopment project areas with the exception of the Eastside Project Area.
(2) Based on actual 2014-15 assessed values. Values are assumed to increase in future fiscal years by annual inflationary factors. See "Tax Increment Projections" in the preceding report for assumptions.
(3) See Tables 12.1 and 12.2 for details on changes to taxable values assumed in the revenue estimates.

Table 10.2
City of Riverside Successor Agency
All Project Areas Combined (1)
Offsets to Property Tax Revenues

Fiscal Year	Gross Tax Revenue	County Admin Chg	Senior (2) Obligations	Senior (3) Tax Sharing	Senior (4) Debt Service	Auto Center & La Sierra Obligations (5)	2014 Pledged Tax Revenue	Subordinate (6) Tax Sharing	Subordnate AB 1290 (7) Tax Sharing
2014-15	61,084,844	855,188	312,000	7,622,763	9,999,586	2,215,190	40,080,118	1,449,032	8,088,630
2015-16	62,071,660	869,003	312,000	7,670,973	9,970,984	3,353,925	39,894,775	1,458,142	8,373,290
2016-17	63,096,335	883,349	312,000	7,684,380	10,250,759	3,598,795	40,367,052	1,466,514	8,698,118
2017-18	65,033,067	910,463	312,000	7,836,278	10,220,018	1,549,802	44,204,507	1,482,373	9,242,831
2018-19	67,008,535	938,119	312,000	7,991,213	10,207,393	-	47,559,809	1,498,525	9,798,538
2019-20	69,023,511	966,329	-	8,149,248	10,500,407	-	49,407,527	1,514,977	10,365,359
2020-21	71,078,787	995,103	-	8,474,908	10,512,573	-	51,096,203	1,531,735	10,943,517
2021-22	73,175,169	1,024,452	-	8,642,454	11,022,118	-	52,486,144	1,548,804	11,534,302
2022-23	75,313,478	1,054,389	-	8,813,351	10,803,969	-	54,641,770	1,566,190	12,138,157
2023-24	77,494,554	1,084,924	-	8,987,666	10,998,543	-	56,423,422	1,583,899	12,754,089
2024-25	77,912,614	1,090,777	-	8,581,495	11,456,267	-	56,784,075	1,580,018	13,365,884
2025-26	80,149,885	1,122,098	-	8,752,535	12,423,907	-	57,851,345	1,344,354	14,005,206
2026-27	82,431,901	1,154,047	-	8,926,995	11,539,491	-	60,811,369	1,360,140	14,657,315
2027-28	78,501,738	1,099,024	-	7,082,396	12,807,492	-	57,512,826	1,221,796	15,192,603
2028-29	80,756,123	1,130,586	-	7,225,177	11,976,392	-	60,423,969	1,249,315	15,866,353
2029-30	76,177,931	1,066,491	-	6,598,414	10,106,616	-	58,406,410	793,836	16,413,227
2030-31	76,885,644	1,076,399	-	6,295,994	9,699,853	-	59,813,398	738,536	17,029,126
2031-32	78,864,621	1,104,105	-	6,424,087	9,572,677	-	61,763,753	754,437	17,724,869
2032-33	81,129,236	1,135,809	-	6,554,741	9,576,813	-	63,861,873	770,656	18,471,066
2033-34	80,551,931	1,127,727	-	5,752,752	9,627,125	-	64,044,328	443,946	19,178,490
2034-35	82,849,936	1,159,899	-	5,869,864	10,040,938	-	65,779,235	453,913	20,118,993
2035-36	85,193,900	1,192,715	-	5,989,318	9,074,031	-	68,937,835	464,079	21,079,564
2036-37	71,357,163	999,000	-	805,952	7,113,375	-	62,438,835	234,516	19,991,352
2037-38	70,943,875	993,214	-	-	-	-	69,950,661	-	20,721,000
2038-39	73,042,012	1,022,588	-	-	-	-	72,019,424	-	21,644,729
2039-40	75,182,112	1,052,550	-	-	-	-	74,129,562	-	22,586,933
2040-41	77,365,013	1,083,110	-	-	-	-	76,281,903	-	23,547,982
2041-42	79,591,573	1,114,282	-	-	-	-	78,477,291	-	24,528,251

(1) Reflects all redevelopment project areas with the exception of the Eastside Project Area.
(2) Includes the Breezewood Housing Agreement in the Downtown/Airport Project Area.
(3) Senior Tax Sharing: Includes written tax sharing agreements with the County, Flood and Superintendent of Schools for Downtown/Airport and UC/Sycamore Canyon.
(4) Bond debt service on outstanding bonds not proposed to be refunded.
(5) Expenses incurred by the La Sierra Project and the Arlington 2003 Amendment Areas E & F have been determined by Bond Counsel to be senior to the lien on tax revenues of the proposed 2014 Bonds.
(6) Includes written tax sharing agreements with the Superintendent of Schools, the Riverside Unified School District, the Riverside Community College Districts. Also includes tax sharing agreements with County for the Casa Blanca Project and Flood Control District for the Casa Blanca and University Corridor Projects.
(7) Subordination to the proposed 2014 bonds was obtained for the statutory pass through payments to taxing entities without written tax sharing agreements.

Table 11.1
City of Riverside Successor Agency
Arlington Project Area - All Subareas
Tax Increment Projection

Fiscal Year	Total Property	Tax Value Changes	Less Base 441,758,688	Gross Tax Revenue	County Admin Chg	Senior Tax Sharing	Senior Debt Service	Senior Obligations	2014 Pledged Tax Revenue	Subordinate Tax Sharing	Subordnate AB 1290 Tax Sharing
2014-15	928,198,179	-	486,439,491	4,895,395	68,536	-	1,234,868	22,000	3,569,992	-	1,022,113
2015-16	939,967,613	1,269,771	499,478,696	5,025,787	70,361	-	1,230,742	37,000	3,687,684	-	1,066,921
2016-17	958,934,367	(3,559,495)	513,616,184	5,167,162	72,340	-	1,235,830	40,000	3,818,992	-	1,115,503
2017-18	973,354,605	-	531,595,917	5,346,959	74,857	-	1,229,608	15,000	4,027,494	-	1,177,288
2018-19	991,693,932		549,935,244	5,530,352	77,425	-	1,229,870	-	4,223,058	-	1,240,310
2019-20	1,010,400,046		568,641,358	5,717,414	80,044	-	1,233,659	-	4,403,711	-	1,304,591
2020-21	1,029,480,281		587,721,593	5,908,216	82,715	-	1,230,682	-	4,594,819	-	1,370,159
2021-22	1,048,942,122		607,183,434	6,102,834	85,440	-	1,231,232	-	4,786,163	-	1,437,037
2022-23	1,068,793,200		627,034,512	6,301,345	88,219	-	1,230,015	-	4,983,112	-	1,505,254
2023-24	1,089,041,299		647,282,611	6,503,826	91,054	-	1,232,031	-	5,180,742	-	1,574,834
2024-25	1,109,694,360		667,935,672	6,710,357	93,945	-	1,231,985	-	5,384,427	-	1,645,806
2025-26	1,130,760,482		689,001,794	6,921,018	96,894	-	1,235,485	-	5,588,639	-	1,718,198
2026-27	1,152,247,926		710,489,238	7,135,892	99,902	-	1,235,000	-	5,800,990	-	1,792,037
2027-28	1,174,165,120		732,406,432	7,355,064	102,971	-	1,238,500	-	6,013,593	-	1,867,354
2028-29	1,196,520,657		754,761,969	7,578,620	106,101	-	1,310,425	-	6,162,094	-	1,944,176
2029-30	1,219,323,305		777,564,617	7,806,646	109,293	-	1,307,625	-	6,389,728	-	2,022,535
2030-31	1,242,582,007		800,823,319	8,039,233	112,549	-	1,308,250	-	6,618,434	-	2,102,461
2031-32	1,238,273,434		800,283,850	8,029,839	112,418	-	1,177,500	-	6,739,921	-	2,162,921
2032-33	1,261,921,098		823,931,514	8,266,315	115,728	-	1,176,000	-	6,974,587	-	2,261,131
2033-34	1,286,041,715		848,052,131	8,507,521	119,105	-	1,177,500	-	7,210,916	-	2,361,304
2034-35	1,310,644,744		872,655,160	8,753,552	122,550	-	1,591,750	-	7,039,252	-	2,469,620
2035-36	1,335,739,834		897,750,250	9,004,503	126,063	-	1,593,000	-	7,285,439	-	2,580,103
2036-37	1,361,336,826		923,347,242	9,260,472	129,647	-	1,590,750	-	7,540,076	-	2,692,795
2037-38	1,387,445,758		949,456,174	9,521,562	133,302	-	-	-	9,388,260	-	2,807,741
2038-39	1,414,076,868		976,087,284	9,787,873	137,030	-	-	-	9,650,843	-	2,924,985
2039-40	1,441,240,600		1,003,251,016	10,059,510	140,833	-	-	-	9,918,677	-	3,044,575
2040-41	1,468,947,607		1,030,958,023	10,336,580	144,712	-	-	-	10,191,868	-	3,166,557
2041-42	1,497,208,755		1,059,219,171	10,619,192	148,669	-	-	-	10,470,523	-	3,290,978

Note: Includes all subareas of the Arlington Project Area including Subareas E and F (the Auto Center) of the 2003 amendment area.

Table 11.2
City of Riverside Successor Agency
Casa Blanca Redevelopment Project Area
Tax Increment Projection

Fiscal Year	Total Property	Tax Value Changes	Less Base 19,167,136	Gross Tax Revenue	County Admin Chg	Senior Tax Sharing	Senior Debt Service	2014 Pledged Tax Revenue	Subordinate Tax Sharing	Subordnate AB 1290 Tax Sharing	Net Tax Revenue
2014-15	352,030,382		332,863,246	3,369,632	47,175	-	859,386	2,463,071	380,300	40,012	2,042,760
2015-16	356,548,319	2,772,233	340,153,416	3,442,534	48,195	-	847,000	2,547,339	388,250	42,690	2,116,399
2016-17	366,159,595	(2,614,383)	344,378,077	3,484,781	48,787	-	839,354	2,596,640	394,728	44,243	2,157,670
2017-18	370,468,749	-	351,301,613	3,554,016	49,756	-	826,189	2,678,071	402,622	46,786	2,228,663
2018-19	377,530,756		358,363,620	3,624,636	50,745	-	815,528	2,758,364	410,650	49,381	2,298,332
2019-20	384,734,004		365,566,868	3,696,669	51,753	-	809,285	2,835,631	418,816	52,028	2,364,787
2020-21	392,081,316		372,914,180	3,770,142	52,782	-	794,085	2,923,275	427,121	54,727	2,441,427
2021-22	399,575,574		380,408,438	3,845,084	53,831	-	783,885	3,007,368	435,569	57,481	2,514,319
2022-23	407,219,718		388,052,582	3,921,526	54,901	-	773,004	3,093,621	444,161	60,290	2,589,170
2023-24	415,016,745		395,849,609	3,999,496	55,993	-	761,916	3,181,587	452,901	63,154	2,665,532
2024-25	422,969,712		403,802,576	4,079,026	57,106	-	905,129	3,116,791	461,791	66,076	2,588,923
2025-26	431,081,738		411,914,602	4,160,146	58,242	-	1,876,541	2,225,363	217,182	69,057	1,939,124
2026-27	439,356,005		420,188,869	4,242,889	59,400	-	1,876,331	2,307,157	223,845	72,097	2,011,216
2027-28	447,795,758		428,628,622	4,327,286	60,582	-	1,878,175	2,388,529	230,640	75,198	2,082,691
2028-29	456,404,305		437,237,169	4,413,372	61,787	-	1,875,775	2,475,809	237,571	78,361	2,159,877
2029-30					-	-	-	-		-	-
2030-31					-	-	-	-		-	-
2031-32					-	-	-	-		-	-
2032-33					-	-	-	-		-	-
2033-34					-	-	-	-		-	-
2034-35					-	-	-	-		-	-
2035-36					-	-	-	-		-	-
2036-37					-	-	-	-		-	-
2037-38					-	-	-	-		-	-
2038-39					-	-	-	-		-	-
2039-40					-	-	-	-		-	-
2040-41					-	-	-	-		-	-
2041-42					-	-	-	-		-	-

Table 11.3
City of Riverside Successor Agency
Downtown/Airport Merged Redevelopment Project
Tax Increment Projection

Fiscal Year	Total Property	Tax Value Changes	Less Base 162,212,525	Gross Tax Revenue	County Admin Chg	Senior Tax Sharing	Senior Debt Service	2014 Pledged Tax Revenue	Subordinate Tax Sharing	Subordnate AB 1290 Tax Sharing
2014-15	1,322,970,470	-	1,160,757,945	12,014,579	168,204	3,893,023	678,437	6,962,915	862,795	204,934
2015-16	1,338,601,340	(3,758,984)	1,172,629,831	12,133,298	169,866	3,931,415	675,950	7,044,068	864,261	211,245
2016-17	1,358,236,638	(18,132,437)	1,177,891,676	12,185,917	170,603	3,948,445	538,203	7,216,667	864,935	214,674
2017-18	1,363,603,720	-	1,201,391,195	12,420,912	173,893	4,024,595	537,203	7,373,222	868,171	230,565
2018-19	1,387,573,229	-	1,225,360,704	12,660,607	177,248	4,102,268	541,203	7,527,888	871,472	246,874
2019-20	1,412,022,129	-	1,249,809,604	12,905,096	180,671	4,181,495	820,003	7,722,927	874,839	263,509
2020-21	1,436,960,006	-	1,274,747,481	13,154,475	184,163	4,262,306	917,507	7,790,500	878,273	280,477
2021-22	1,462,396,641	-	1,300,184,116	13,408,841	187,724	4,344,733	1,438,318	7,438,067	881,776	297,823
2022-23	1,488,342,008	-	1,326,129,483	13,668,295	191,356	4,428,809	1,232,372	7,815,757	885,349	315,719
2023-24	1,514,806,283	-	1,352,593,758	13,932,938	195,061	4,514,567	1,435,157	7,788,153	888,993	333,973
2024-25	1,374,049,872	-	1,224,923,643	12,396,236	173,547	4,018,067	1,853,432	6,351,190	870,791	336,136
2025-26	1,398,391,316	-	1,249,265,087	12,639,651	176,955	4,096,972	1,848,772	6,516,952	874,195	353,634
2026-27	1,423,219,588	-	1,274,093,359	12,887,934	180,431	4,177,454	959,077	7,570,972	877,667	371,482
2027-28	787,385,304	-	681,436,207	6,883,362	96,367	2,236,998	955,717	3,594,280	726,764	259,825
2028-29	801,234,172	-	695,285,075	7,021,851	98,306	2,282,005	59,738	4,581,803	741,472	272,787
2029-30	573,343,728	-	474,662,247	4,786,622	67,013	1,555,511	62,938	3,101,161	517,567	211,878
2030-31	583,414,481	-	484,733,000	4,887,330	68,423	1,588,237	60,969	3,169,701	528,508	221,034
2031-32	593,686,649	-	495,005,168	4,990,052	69,861	1,621,618	64,000	3,234,572	539,669	230,374
2032-33	604,164,261	-	505,482,780	5,094,828	71,328	1,655,667	61,813	3,306,021	551,052	239,900
2033-34	302,343,748	-	229,948,735	2,314,487	32,403	755,139	59,625	1,467,320	219,410	157,003
2034-35	307,434,492	-	235,039,479	2,365,395	33,116	771,743	62,438	1,498,099	224,346	162,369
2035-36	312,627,052	-	240,232,039	2,417,320	33,842	788,678	60,031	1,534,769	229,380	169,102
2036-37	317,923,462	-	245,528,449	2,470,284	34,584	805,952	62,625	1,567,123	234,516	175,969
2037-38										
2038-39										
2039-40										
2040-41										
2041-42										

Table 11.4
City of Riverside Successor Agency
Hunter Park / Northside Redevelopment Project Area
Tax Increment Projection

Fiscal Year	Total Property	Tax Value Changes	Less Base 747,435,274	Gross Tax Revenue	County Admin Chg	Senior Tax Sharing	Senior Debt Service	2014 Pledged Tax Revenue	Subordinate Tax Sharing	Subordnate AB 1290 Tax Sharing
2014-15	1,531,684,844		784,249,570	7,879,496	110,313		1,556,025	6,213,158		1,680,157
2015-16	1,551,056,078	(5,103,610)	798,517,194	8,022,172	112,310		1,555,025	6,354,837		1,729,186
2016-17	1,574,935,945	(11,092,554)	816,408,118	8,201,081	114,815		1,552,775	6,533,491		1,790,667
2017-18	1,593,184,687	-	845,749,413	8,494,494	118,923		1,554,275	6,821,296		1,891,495
2018-19	1,623,112,808		875,677,534	8,793,775	123,113		1,554,275	7,116,387		1,994,340
2019-20	1,653,639,492		906,204,218	9,099,042	127,387		1,552,775	7,418,881		2,099,242
2020-21	1,684,776,710		937,341,436	9,410,414	131,746		1,554,775	7,723,894		2,206,242
2021-22	1,716,536,672		969,101,398	9,728,014	136,192		1,555,025	8,036,797		2,315,382
2022-23	1,748,931,833		1,001,496,559	10,051,966	140,728		1,553,525	8,357,713		2,426,705
2023-24	1,781,974,897		1,034,539,623	10,382,396	145,354		1,555,275	8,681,768		2,540,254
2024-25	1,815,678,823		1,068,243,549	10,719,435	150,072		1,555,025	9,014,338		2,656,074
2025-26	1,850,056,827		1,102,621,553	11,063,216	154,885		1,552,775	9,355,556		2,774,211
2026-27	1,885,122,391		1,137,687,117	11,413,871	159,794		1,552,950	9,701,127		2,894,710
2027-28	1,920,889,266		1,173,453,992	11,771,540	164,802		1,556,325	10,050,413		3,017,619
2028-29	1,957,371,479		1,209,936,205	12,136,362	169,909		1,552,675	10,413,778		3,142,987
2029-30	1,994,583,337		1,247,148,063	12,508,481	175,119		1,552,225	10,781,137		3,270,862
2030-31	2,032,539,431		1,285,104,157	12,888,042	180,433		1,554,750	11,152,859		3,401,294
2031-32	2,071,254,647		1,323,819,373	13,275,194	185,853		1,554,500	11,534,841		3,534,335
2032-33	2,110,744,168		1,363,308,894	13,670,089	191,381		1,556,500	11,922,208		3,670,037
2033-34	2,151,023,479		1,403,588,205	14,072,882	197,020		1,555,500	12,320,362		3,847,368
2034-35	2,192,108,376		1,444,673,102	14,483,731	202,772		1,551,500	12,729,459		4,028,247
2035-36	2,234,014,971		1,486,579,697	14,902,797	208,639		1,554,500	13,139,658		4,212,743
2036-37	2,276,759,699		1,529,324,425	15,330,244	214,623		1,554,000	13,561,621		4,400,928
2037-38	2,320,359,320		1,572,924,046	15,766,240	220,727		-	15,545,513		4,592,878
2038-39	2,364,830,934		1,617,395,660	16,210,957	226,953		-	15,984,003		4,788,666
2039-40	2,410,191,981		1,662,756,707	16,664,567	233,304		-	16,431,263		4,988,371
2040-41	2,456,460,248		1,709,024,974	17,127,250	239,781		-	16,887,468		5,192,069
2041-42	2,503,653,880		1,756,218,606	17,599,186	246,389		-	17,352,797		5,399,841
							-			

Table 11.5
City of Riverside Successor Agency
La Sierra / Arlanza Redevelopment Project Area
Tax Increment Projection

Fiscal Year	Total Property	Tax Value Changes	Less Base 2,234,668,726	Gross Tax Revenue	County Admin Chg	Senior Tax Sharing	Senior Debt Service	Senior Obligations	2014 Pledged Tax Revenue	Subordinate Tax Sharing	Subordnate AB 1290 Tax Sharing
2014-15	3,947,632,241		1,712,963,515	17,206,635	240,893		3,040,965	2,193,190	11,731,588		3,425,927
2015-16	3,999,082,671	(4,440,063)	1,759,973,883	17,676,739	247,474		3,038,041	3,316,925	11,074,299		3,587,473
2016-17	4,071,805,676	(23,880,976)	1,813,255,974	18,209,560	254,934		3,042,497	3,558,795	11,353,334		3,770,572
2017-18	4,126,153,409	-	1,891,484,683	18,991,847	265,886		3,035,825	1,534,802	14,155,334		4,039,397
2018-19	4,205,946,692		1,971,277,966	19,789,780	277,057		3,037,325	-	16,475,398		4,313,599
2019-20	4,287,335,841		2,052,667,115	20,603,671	288,451		3,040,825	-	17,274,395		4,593,284
2020-21	4,370,352,773		2,135,684,047	21,433,840	300,074		3,041,075	-	18,092,692		4,878,564
2021-22	4,455,030,043		2,220,361,317	22,280,613	311,929		3,038,075	-	18,930,610		5,169,549
2022-23	4,541,400,859		2,306,732,133	23,144,321	324,020		3,036,825	-	19,783,476		5,466,354
2023-24	4,629,499,091		2,394,830,365	24,025,304	336,354		3,037,075	-	20,651,874		5,769,094
2024-25	4,719,359,288		2,484,690,562	24,923,906	348,935		3,038,575	-	21,536,396		6,077,890
2025-26	4,811,016,689		2,576,347,963	25,840,480	361,767		3,041,075	-	22,437,638		6,392,861
2026-27	4,904,507,237		2,669,838,511	26,775,385	374,855		3,038,000	-	23,362,530		6,714,132
2027-28	4,999,867,597		2,765,198,871	27,728,989	388,206		3,041,550	-	24,299,233		7,041,829
2028-29	5,097,135,164		2,862,466,438	28,701,664	401,823		3,036,275	-	25,263,566		7,376,079
2029-30	5,196,348,082		2,961,679,356	29,693,794	415,713		3,042,400	-	26,235,680		7,717,014
2030-31	5,297,545,259		3,062,876,533	30,705,765	429,881		3,039,250	-	27,236,635		8,064,768
2031-32	5,400,766,379		3,166,097,653	31,737,977	444,332		3,036,250	-	28,257,395		8,419,477
2032-33	5,506,051,921		3,271,383,195	32,790,832	459,072		3,043,000	-	29,288,760		8,781,280
2033-34	5,613,443,175		3,378,774,449	33,864,744	474,106		3,038,750	-	30,351,888		9,150,320
2034-35	5,722,982,253		3,488,313,527	34,960,135	489,442		3,038,750	-	31,431,943		9,632,571
2035-36	5,834,712,113		3,600,043,387	36,077,434	505,084		3,037,500	-	32,534,850		10,124,467
2036-37	5,948,676,570		3,714,007,844	37,217,078	521,039		3,039,750	-	33,656,289		10,626,202
2037-38	6,064,920,317		3,830,251,591	38,379,516	537,313		-	-	37,842,203		11,137,970
2038-39	6,183,488,938		3,948,820,212	39,565,202	553,913		-	-	39,011,289		11,659,975
2039-40	6,304,428,932		4,069,760,206	40,774,602	570,844		-	-	40,203,758		12,192,419
2040-41	6,427,787,725		4,193,118,999	42,008,190	588,115		-	-	41,420,075		12,735,512
2041-42	6,553,613,695		4,318,944,969	43,266,450	605,730		-	-	42,660,719		13,289,467

Table 11.6
City of Riverside Successor Agency
Magnolia Center Redevelopment Project Area
Tax Increment Projection

Fiscal Year	Total Property	Tax Value Changes	Less Base 311,033,930	Gross Tax Revenue	County Admin Chg	Senior Tax Sharing	Senior Debt Service	2014 Pledged Tax Revenue	Subordinate Tax Sharing	Subordnate AB 1290 Tax Sharing
2014-15	653,973,903		342,939,973	3,446,399.73	48,250		1,207,148	2,191,002		735,447
2015-16	662,229,561	(1,261,698)	349,933,933	3,516,339	49,229		1,208,870	2,258,241		759,481
2016-17	673,338,347	(3,811,311)	358,493,106	3,601,931	50,427		1,204,494	2,347,010		788,894
2017-18	682,068,703	-	371,034,773	3,727,348	52,183		1,204,320	2,470,845		831,992
2018-19	694,861,204		383,827,274	3,855,273	53,974		1,205,466	2,595,833		875,953
2019-20	707,909,554		396,875,624	3,985,756	55,801		1,205,183	2,724,773		920,792
2020-21	721,218,872		410,184,942	4,118,849	57,664		1,208,428	2,852,758		966,528
2021-22	734,794,376		423,760,446	4,254,604	59,564		1,204,906	2,990,134		1,013,179
2022-23	748,641,390		437,607,460	4,393,075	61,503		1,204,912	3,126,660		1,060,763
2023-24	762,765,344		451,731,414	4,534,314	63,480		1,208,150	3,262,684		1,109,298
2024-25	777,171,778		466,137,848	4,678,378	65,497		1,204,327	3,408,554		1,158,805
2025-26	791,866,340		480,832,410	4,825,324	67,555		1,208,737	3,549,033		1,209,301
2026-27	806,854,793		495,820,863	4,975,209	69,653		1,205,886	3,699,670		1,260,807
2027-28	822,143,016		511,109,086	5,128,091	71,793		1,205,903	3,850,395		1,313,344
2028-29	837,737,003		526,703,073	5,284,031	73,976		1,208,565	4,001,490		1,366,931
2029-30	853,642,869		542,608,939	5,443,089	76,203		1,208,645	4,158,241		1,436,957
2030-31	869,866,853		558,832,923	5,605,329	78,475		1,201,075	4,325,780		1,508,384
2031-32	886,415,317		575,381,387	5,770,814	80,791		1,206,010	4,484,012		1,581,240
2032-33	903,294,750		592,260,820	5,939,608	83,155		1,207,750	4,648,704		1,655,552
2033-34	920,511,771		609,477,841	6,111,778	85,565		1,204,750	4,821,464		1,731,351
2034-35	938,073,133		627,039,203	6,287,392	88,023		1,204,500	4,994,869		1,808,666
2035-36	955,985,723		644,951,793	6,466,518	90,531		1,206,750	5,169,237		1,887,527
2036-37	974,256,564		663,222,634	6,649,226	93,089		866,250	5,689,887		1,967,965
2037-38	992,892,821		681,858,891	6,835,589	95,698		-	6,739,891		2,050,012
2038-39	1,011,901,804		700,867,874	7,025,679	98,360		-	6,927,319		2,133,700
2039-40	1,031,290,967		720,257,037	7,219,570	101,074		-	7,118,496		2,219,062
2040-41	1,051,067,913		740,033,983	7,417,340	103,843		-	7,313,497		2,306,131
2041-42	1,071,240,398		760,206,468	7,619,065	106,667		-	7,512,398		2,394,941

Table 11.7
City of Riverside Successor Agency
University Corridor/Sycamore Canyon
Tax Increment Projection

Fiscal Year	Total Property	Tax Value Changes	Less Base 107,359,759	Gross Tax Revenue	County Admin Chg	Senior Tax Sharing	Senior Debt Service	2014 Pledged Tax Revenue	Subordinate Tax Sharing	Subordnate AB 1290 Tax Sharing
2014-15	1,324,830,423	-	1,217,470,664	12,272,707	171,818	3,729,740	1,422,757	6,948,392	205,937	980,040
2015-16	1,341,848,796	(18,809,957)	1,215,679,080	12,254,791	171,567	3,739,558	1,415,357	6,928,309	205,632	976,293
2016-17	1,348,215,413	(26,065,305)	1,214,790,349	12,245,903	171,443	3,735,935	1,837,607	6,500,918	206,851	973,566
2017-18	1,347,308,906	-	1,239,949,147	12,497,491	174,965	3,811,683	1,832,599	6,678,245	211,580	1,025,307
2018-19	1,372,970,881		1,265,611,122	12,754,111	178,558	3,888,945	1,823,728	6,862,881	216,403	1,078,082
2019-20	1,399,146,096		1,291,786,337	13,015,863	182,222	3,967,753	1,838,678	7,027,210	221,323	1,131,912
2020-21	1,425,844,814		1,318,485,055	13,282,851	185,960	4,212,602	1,766,023	7,118,266	226,341	1,186,819
2021-22	1,453,077,507		1,345,717,748	13,555,177	189,772	4,297,721	1,770,679	7,297,006	231,459	1,243,851
2022-23	1,480,854,854		1,373,495,095	13,832,951	193,661	4,384,542	1,773,318	7,481,430	236,680	1,303,074
2023-24	1,509,187,748		1,401,827,989	14,116,280	197,628	4,473,099	1,768,940	7,676,613	242,005	1,363,481
2024-25	1,538,087,300		1,430,727,541	14,405,275	201,674	4,563,428	1,667,795	7,972,379	247,437	1,425,096
2025-26	1,567,564,842		1,460,205,083	14,700,051	205,801	4,655,563	1,660,523	8,178,165	252,977	1,487,944
2026-27	1,597,631,936		1,490,272,177	15,000,722	210,010	4,749,541	1,672,248	8,368,924	258,628	1,552,048
2027-28	1,628,300,371		1,520,940,612	15,307,406	214,304	4,845,398	2,931,322	7,316,382	264,392	1,617,435
2028-29	1,659,582,175		1,552,222,416	15,620,224	218,683	4,943,173	2,932,940	7,525,429	270,272	1,685,032
2029-30	1,691,489,616		1,584,129,857	15,939,299	223,150	5,042,903	2,932,784	7,740,462	276,269	1,753,981
2030-31	1,560,450,786		1,468,394,473	14,759,945	206,639	4,707,756	2,535,560	7,309,990	210,028	1,731,184
2031-32	1,590,530,940		1,498,474,627	15,060,746	210,850	4,802,468	2,534,417	7,513,011	214,768	1,796,522
2032-33	1,621,212,698		1,529,156,385	15,367,564	215,146	4,899,074	2,531,750	7,721,594	219,604	1,863,166
2033-34	1,652,508,091		1,560,451,778	15,680,518	219,527	4,997,612	2,591,000	7,872,378	224,536	1,931,144
2034-35	1,684,429,391		1,592,373,078	15,999,731	223,996	5,098,121	2,592,000	8,085,613	229,567	2,017,520
2035-36	1,716,989,118		1,624,932,805	16,325,328	228,555	5,200,641	1,622,250	9,273,883	234,699	2,105,623
2036-37	56,567,367		42,785,673	429,857	6,018	-	-	423,839	-	127,493
2037-38	57,678,509		43,896,815	440,968	6,174	-	-	434,795	-	132,399
2038-39	58,811,873		45,030,179	452,302	6,332	-	-	445,970	-	137,403
2039-40	59,967,905		46,186,211	463,862	6,494	-	-	457,368	-	142,507
2040-41	61,147,058		47,365,364	475,654	6,659	-	-	468,994	-	147,713
2041-42	62,349,793		48,568,099	487,681	6,828	-	-	480,853	-	153,023
							-			

Table 12.1
City of Riverside Successor Agency
Multiple Project Areas
Schedule of Taxable Value Changes

	Future (1)	---------- Taxable Value Changes ---------- (1)		
Project	**Value Changes**	**2015-16**	**2016-17**	**2017-18**
Arlington				
Two Story Apartments	1,224,000	1,224,000	-	-
Property Transfers (2)	3,605,266	3,605,266	-	-
Appeals (3)	(7,118,989)	(3,559,495)	(3,559,495)	-
Total Arlington	**(2,289,723)**	**1,269,771**	**(3,559,495)**	**-**
Casa Blanca				
Stater Bros Grocery Store	3,988,800	3,988,800		
Property Transfers (2)	1,397,816	1,397,816		
Appeals (3)	(5,228,765)	(2,614,383)	(2,614,383)	-
Total Casa Blanca	**157,850**	**2,772,233**	**(2,614,383)**	**-**
Downtown/Airport				
Community Hospital Improvements	8,862,929	8,862,929	-	-
Property Transfers (2)	5,510,524	5,510,524	-	-
Appeals (3)	(36,264,874)	(18,132,437)	(18,132,437)	-
Total Downtown/Airport	**(21,891,421)**	**(3,758,984)**	**(18,132,437)**	**-**
Hunter Park				
New Metro Link Station	Tax Exempt			
Property Transfers (2)	5,988,944	5,988,944		
Appeals (3)	(22,185,108)	(11,092,554)	(11,092,554)	-
Total Hunter Park	**(16,196,164)**	**(5,103,610)**	**(11,092,554)**	**-**
Totals		**(4,820,589)**	**(35,398,868)**	**-**

(1) Represents DHA Consulting's estimates of taxable value estimated to be added to (or deducted from) the tax rolls and does not necessarily represent the total market value of the development.
(2) Includes property transfers from January 2, 2014 (after the 2014-15 lien date) through June 1, 2014
(3) From Table 7.

Table 12.2
City of Riverside Successor Agency
Multiple Project Areas
Schedule of Taxable Value Changes

Project	Future (1) Value Changes	---------- Taxable Value Changes ---------- (1) 2015-16	2016-17	2017-18
La Sierra				
Service Stations / Convenience Stores	4,645,600	4,645,600		
Property Transfers (2)	14,795,313	14,795,313		
Appeals (3)	(47,761,951)	(23,880,976)	(23,880,976)	-
Total La Sierra	**(28,321,038)**	**(4,440,063)**	**(23,880,976)**	**-**
Magnolia Center				
No Development Identified				
Property Transfers (2)	2,549,613	2,549,613		
Appeals (3)	(7,622,623)	(3,811,311)	(3,811,311)	-
Total Magnolia Center	**(5,073,009)**	**(1,261,698)**	**(3,811,311)**	**-**
UC/Sycamore Canyon				
Warehouse Addition	4,123,928	4,123,928		
Property Transfers (2)	3,131,421	3,131,421		
Appeals (3)	(52,130,611)	(26,065,305)	(26,065,305)	-
Total UC/Sycamore Canyon	**(44,875,262)**	**(18,809,957)**	**(26,065,305)**	**-**
Totals		(24,511,717)	(53,757,592)	
Totals from Table 12.1		(4,820,589)	(35,398,868)	-
GRAND TOTAL		**(29,332,306)**	**(89,156,460)**	**-**

(1) Represents DHA Consulting's estimates of taxable value estimated to be added to (or deducted from) the tax rolls and does not necessarily represent the total market value of the development.
(2) Includes property transfers from January 2, 2014 (after the 2014-15 lien date) through June 1, 2014
(3) From Table 7.

Table 13.1
Redevelopment Agency of the City of Riverside
Casa Blanca Redevelopment Project Area
Tax Sharing Agreements Summary

Taxing Entity	Description of the Agreement	Applies to:	Basis	Approx Percentage Share	Portion Currently Paid	2014-15 Payment Amt / % (1)	Potential Future Increases	Lien on Tax Revenue
County General	The County receives an annual payment equal to $100,000 plus a cumulative CPI adjustment. Also, receives a 2.0% inflationary adjustment payment (2)	N/A	Escalating Fee Plus 2.0% Pmt (2)	29.0%	$253,000	7.7%	CPI Increases	Subordinate
Flood Control	The District receives 37.5% of its share of net tax increment plus a 2.0% inflationary adjustment payment (2)	Entire Project	Net 1.0% Plus 2.0% Pmt (2) (3)	3.3%	37.5%	0.6%	2.0% 33676 Pmt	Subordinate
County Super of Schools	The District receives 37.5% of its share of net tax increment increases above 1989-90 levels	Entire Project	Net ETV (4)	3.0%	37.5%	0.2%	None (5)	Subordinate
Riverside Unified Schools (3)	The District receives 30.0% of its share of net tax increment increases above 1989-90 levels	Entire Project	Net ETV (4)	43.0%	30.0%	2.5%	None (5)	Subordinate
Riverside City Comm College	The District receives 30.0% of its share of net tax increment increases above 1989-90 levels	Entire Project	Net ETV (4)	5.2%	30.0%	0.3%	None (5)	Subordinate
TOTAL SENIOR						**0.0%**	**N/A**	**N/A**
TOTAL SUBORDINATE						**11.3%**	**Slight (2) (5)**	**Subordinate**
GRAND TOTAL						**11.3%**	**Slight (2) (5)**	**Subordinate**

(1) Amount shown equals the approximate percentage of gross tax increment from the entire Project Area.
(2) Both the County and Flood Agreements include basic payments, plus an inflationary payment. The inflationary payment, also known as a 33676 payment, is based on an assumed inflationary increase (up to 2.0%) in the base year taxable value.
(3) Net equals tax increment without unitary, less housing and less the administrative charge.
(4) ETV means "Excess Taxable Value" or "Artificial Base Year". In Casa Blanca it equals net property taxes (deducting unitary, housing and the administrative charge) above 1989-90 levels: 132,104,368 is the amount of the ETV, or Artificial Base Year.
(5) Because these payments are based on the value for an Artificial Base Year, the percentage of total tax increment payable will increase slightly over time.

Table 13.2
Redevelopment Agency of the City of Riverside
Downtown/Airport Merged Project Area
Tax Sharing Agreements Summary

Taxing Entity	Description of the Agreement	Applies to:	Basis	Approx Percentage Share	Portion Currently Paid	2014-15 Payment Amt / % (2)	Potential Future Increases	Lien on Tax Revenue
County General (1)	The County receives a portion of its share up to 100%. Since 2004-05, the Agency has been paying the County 100% of its share of gross tax increment.	All Subreas	1.0%/Receipts	29.1%	100.0%	29.1%	None	Senior
Flood Control	The District receives a portion of its share up to 100%. Since 2002-03, the Agency has been paying the District 100% of its share of gross tax increment.	All Areas	1.0%/Receipts	3.3%	100.0%	3.3%	None	Senior
Alvord School District	The term of the agreement with Alvord was for 15 years, which expired in 2001.	No Longer Applies	N/A	N/A	Nothing Due	--	N/A	Senior
County Super of Schools	The District receives 37.5% of its share of net taxes, but only in the 1985 Annexes	1985 Annexes Only	Net 1.0% (4)	2.9% DT 4.3% Airport	37.5%	0.2%	None	Subordinate
Riverside Unified Schools (3)	The District receives the lesser of 31% of its share of net tax increment revenues, or $700,000	Where Applicable (5)	Net 1.0% (4)	43.0% DT 29.5% Airport	$ 700,000	5.7%	Decreasing Percentage as TI Increases	Subordinate
Riverside City Comm College	The District receives 30% of its share of net tax increment revenues from the Project	All Areas	Net 1.0% (4)	5.2%	30.0%	1.2%	None	Subordinate
TOTAL SENIOR						**32.4%**	**None**	**Senior**
TOTAL SUBORDINATE						**7.1%**	**None**	**Subordinate**
GRAND TOTAL						**39.5%**	**None**	**Both**

(1) Share payable to the County increased to 100% when Agency retained $23.1 million of the County's Share.
(2) Amount shown equals the approximate percentage of gross tax increment from the entire Merged Project.
(3) Maximum payment under the tax sharing agreement is $700,000 from all areas.
(4) Net equals tax increment without unitary, less housing and less the administrative charge.
(5) RUSD is not entitled to tax sharing payments from revenues generated by the Airport 1985 Amendment Area or the Downtown 1980 Amendment Area.

Table 13.3
Redevelopment Agency of the City of Riverside
University Corridor/Sycamore Canyon Merged Project Area
Tax Sharing Agreements Summary

Taxing Entity	Description of the Agreement	Applies to:	Basis	Approx Percentage Share	Portion Currently Paid	2014-15 Payment Amt / % (1)	Potential Future Increases	Lien on Tax Revenue
County General (2)	The County receives a portion of its share up to 100%. Since 2004-05, the Agency has been paying the County 100% of its share of gross tax increment.	All Pre-1994 Areas	1.0%/Receipts	29.0% UC 30.2% Syc	100.0%	29.2%	None	Senior
Flood Control (3)	The District receives a portion of its share up to 100%. Since 2002-03, the Agency has been paying the District 100% of its share of gross tax increment in University Corridor, but only about 35% in Sycamore Canyon.	All Pre-1994 Areas	Net 1.0% (4)	3.3% UC 3.8% Syc	100% UC Varies Syc	1.2% UC 1.0% Syc	> +/- 3.0%	Senior in Sycamore
County Super of Schools	The District receives 30.0% of its share of net taxes, but only in the 1985 Annex	1985 Annex UC Only	1.0%/Receipts	3.0% UC N/A Syc	30.0%	0.2%	None	Senior
Riverside Unified Schools	The District received an annual flat fee amount; the last payment of which was due and paid in 2000	Where Applicable (5)	Net 1.0% (4)	43.0% UC 0.0% Syc	$ -	0.0%	Last pmt made in 2000	N/A
Riverside City Comm College	The District receives 37.5% of its share of net tax increment revenues from the Project	Original &1985 Annex UC Only	Net 1.0% (4)	5.2% UC N/A Syc	37.5%	0.5%	None	Subordinate with Certificate Notice
TOTAL SENIOR						**30.4%**	**Slight (3)**	**Senior**
TOTAL SUBORDINATE						**1.7%**	**None**	**Subordinate**
GRAND TOTAL						**32.1%**	**Slight**	**Both**

(1) Amount shown equals the approximate percentage of gross tax increment from the entire Merged Project.
(2) Share payable to the County increased to 100% when Agency retained $4.0 million and $4.2 million of the County's Share from University Corridor and Sycamore Canyon, respectively.
(3) The payment to the Flood Control District in Sycamore Canyon will increase over time from amounts shown to nearly 3.0% of gross tax increment in 2020-21.
(4) Net equals tax increment without unitary, less housing and less the administrative charge.
(5) Payments to RUSD are no longer due from either portion of the Merged Project as a result of obligations from the Agency's written tax sharing agreements.

Table 14.1
City of Riverside Successor Agency
Arlington 2003 Amendment E & F
La Sierra / Arlanza Redevelopment Project Area
Senior Obligations by Type

	La Sierra/Alranza Senior Obligations					Arlington 2003 Amendment Subareas E & F			Both Areas
Fiscal Year	SERAF Loan Allocation (1) 55.1%	Pension Allocation Bonds (2)	Galleria (3) Improvements Reimbursement	Costs for Property Disposition (4)	Total La Sierra Obligations	SERAF Loan Allocation (5) 0.7%	Pension Allocation Bonds (2)	Total Subarea E & F Obligations	Total Senior Obligations
2014-15	1,780,000	-	331,190	82,000	2,193,190	22,000	-	22,000	2,215,190
2015-16	2,930,000	-	337,925	49,000	3,316,925	37,000	-	37,000	3,353,925
2016-17	3,200,000	-	344,795	14,000	3,558,795	40,000	-	40,000	3,598,795
2017-18	1,180,000	-	351,802	3,000	1,534,802	15,000	-	15,000	1,549,802
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								-	-

(1) La Sierra's share of the total annual SERAF repayment amount has been estimated by computing the ratio of SERAF funds loaned from the La Sierra Housing Fund to total funds loaned from all Housing Funds. This ratio is then applied to the total estimated amount to be repaid annually.
(2) Estimated at -0- as it has been the City/Agency's practice to not charge either La Sierra or Arlington E & F for any costs for the Pension Obligation Bonds.
(3) Amounts estimated as payable pursuant to a 2005 reimbursement agreement between the City, the Agency and the owner for the Tyler Galleria as a form of assistance in the upgrade and expansion of the shopping center. Amounts estimated are based on the assessed values reported for the now completed improvements with an assumed 2.0 percent annual increase.
(4) Estimated costs associated with the maintenance and disposition of 5 properties in the La Sierra Project Area currently being held for resale. It is estimated that the Agency will enter escrow for 4 of the 5 properties by the summer 2016 with allowing the purchaser a long escrow (18 to 24 months). The following properties are included: Magnolia LS-10920 and three Five Points properties (Derry (Site B), Namini/Maynor (Site A) and LS 11134/11144 (Site C).

Table 14.2
City of Riverside Successor Agency
All Project Areas Combined
Estimated SERAF Loan Repayment Under RDA Dissolution

ROPS Payment	Pmt Date	Estimated RPTTF Deposits (1)	ROPS Admin + Enforceable Obligations	Residual Revenue	Amount over 2012-13 Base $ 5,618,776	Amount of City Loan Pmt on ROPS	Balance on the SERAF Loan
ROPS 2013-14A	Jun-13	19,443,290	13,341,287	6,102,003			20,571,233
ROPS 2013-14B	Jan-14	19,544,904	11,933,906	7,610,998	8,094,225		
ROPS 2014-15A	Jun-14	20,779,792	14,526,780	6,253,012		4,047,112	16,524,121
ROPS 2014-15B	Jan-15	20,779,792	14,940,000	5,839,792	6,474,028		-
ROPS 2015-16A	Jun-15	21,115,486	11,530,000	9,585,486		3,240,000	13,284,121
ROPS 2015-16B	Jan-15	21,115,486	14,450,000	6,665,486	10,632,197		-
ROPS 2016-17A	Jun-15	21,464,059	11,070,000	10,394,059		5,320,000	7,964,121
ROPS 2017-18B	Jan-16	21,464,059	14,600,000	6,864,059	11,639,343	-	-
ROPS 2018-19A	Jun-16	22,122,895	11,040,000	11,082,895		5,820,000	2,144,121
ROPS 2018-19B	Jan-17	22,122,895	14,480,000	7,642,895	13,107,015	-	
ROPS 2019-20A	Jun-17	22,801,954	7,300,000	15,501,954		2,140,000	-

(1) Amounts shown include estimated supplemental revenues (based on 2013-14 actuals) but are net amounts, i.e., after the payment of the County administrative charges and pass through payment obligations, which amounts are retained by the County.

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.

Definitions

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds and any Parity Debt that does not constitute Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds and any Parity Debt that does not constitute Bonds payable by their terms in such Bond Year.

"Bond" or "Bonds" means the 2014A Bonds, the 2014B Bonds and any Parity Debt that is issued as bonds pursuant to a Supplemental Indenture.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Successor Agency, of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"Bond Proceeds Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Bond Year" means, any twelve-month period beginning on September 2 in any year and ending on the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date, and end on September 1, 2015.

"Business Day" means a day of the year on which banks in Los Angeles, California, or the city where the Principal Corporate Trust Office is located, are not required or permitted to be closed and on which the New York Stock Exchange is not closed.

"City" means the City of Riverside, California, a municipal corporation and chartered city duly organized and existing under the laws of the State.

"Closing Date" means the date on which the 2014A Bonds are delivered by the Successor Agency to the original purchaser thereof.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced in the Indenture) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate relating to the 2014A Bonds and 2014 B Bonds executed by the Successor Agency dated as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Successor Agency relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to City and Successor Agency administrative staff costs, printing expenses, bond insurance and surety bond premiums, rating agency fees, filing and recording fees, initial fees and charges and first annual administrative fee of the Trustee and fees and expenses of its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

"County" means the County of Riverside, a county duly organized and existing under the Constitution and laws of the State.

"Debt Service Fund" means the fund by that name established and held by the Trustee pursuant to the Indenture.

"Defeasance Obligations" means (i) cash, (ii) Federal Securities and (iii) Permitted Investments listed under subsection (b) of the definition thereof excluding Permitted Investments listed under (b) (iv) and (b) (vi).

"Dissolution Act" means Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended from time to time.

"Event of Default" means any of the events described in the Indenture.

"Federal Securities" means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and CATS and TGRS), or obligations the payment of principal of and interest on which are unconditionally guaranteed by the United States of America.

"Fiscal Year" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve month period selected and designated by the Successor Agency to the Trustee in writing as its official fiscal year period.

"Former Agency" means the Redevelopment Agency of the City of Riverside, a public body corporate and politic duly organized and existing under the Redevelopment Law and dissolved in accordance with the Dissolution Act.

"Independent Accountant" means any accountant or firm of such accountants duly licensed or registered or entitled to practice as such under the laws of the State, appointed by the Successor Agency, and who, or each of whom:

(a) is in fact independent and not under domination of the Successor Agency;

(b) does not have any substantial interest, direct or indirect, with the Successor Agency; and

(c) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Independent Redevelopment Consultant" means any consultant or firm of such consultants appointed by the Successor Agency, and who, or each of whom:

(a) is judged by the Successor Agency to have experience in matters relating to the collection of property tax revenues deposited into the Redevelopment Property Tax Trust Fund or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under domination of the Successor Agency;

(c) does not have any substantial interest, direct or indirect, with the Successor Agency; and

(d) is not connected with the Successor Agency as an officer or employee of the Successor Agency, but who may be regularly retained to make reports to the Successor Agency.

"Interest Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Interest Payment Date" means March 1, 2015, and March 1 and September 1 in each year thereafter so long as any of the Bonds remain Outstanding under the Indenture.

"Law" means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the Health and Safety Code of the State, and the Dissolution Act.

"Maximum Annual Debt Service" means, as of the date of calculation, the largest Annual Debt Service for the current or any future Bond Year as certified in writing by the Successor Agency to the Trustee.

"Moody's" means Moody's Investors Service and its successors.

"Notice of Insufficiency" means the notice described in Health & Safety Code Section 34183(b).

"Outstanding" when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning within the Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Successor Agency pursuant the Indenture.

"Oversight Board" means the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Riverside, duly constituted from time to time pursuant to Section 34179 of the California Health and Safety Code.

"Owner" or "Bondowner" means, with respect to any Bond, the person in whose name the ownership of such Bond shall be registered on the Registration Books.

"Parity Debt" means the 2014B Bonds and any loan, bonds (including any bonds issued pursuant to a Supplemental Indenture), notes, advances or indebtedness payable from Tax Revenues on a parity with the 2014 Bonds as authorized by the provisions of the Indenture.

"Parity Debt Instrument" means any resolution, indenture of trust, loan agreement, trust agreement or other instrument authorizing the issuance of any Parity Debt, including, without limitation, a Supplemental Indenture authorized by the Indenture.

"Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) Federal Securities;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgaged-backed securities and senior debt obligations of the Federal National Mortgage Association (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal); (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations (but only the interest component of stripped obligations) of the Resolution Funding Corporation; and (vi) consolidated system wide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee or its affiliates) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G”, “AAAm”, or “AAm”, and, if rated by Moody’s, rated Aaa, Aa1 or Aa2, including funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services;

(e) certificates of deposit secured at all times by collateral described in (a) or (b) above, which have a maturity of one year or less, which are issued by commercial banks, including affiliates of the Trustee, savings and loan associations or mutual savings banks, and such collateral must be held by a third party, and the Trustee on behalf of the Bond Owners must have a perfected first security interest in such collateral;

(f) certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation;

(g) investment agreements, including guaranteed investment contracts, which, are general obligations of an entity whose long term debt obligations, or claims paying ability, respectively, which are rated in one of the two highest rating categories by Moody's or S&P or which are collateralized so as to be rated in one of the two highest rating categories by Moody's or S&P;

(h) commercial paper rated, at the time of purchase, “Prime-1” by Moody's and “A-1” or better by S&P;

(i) bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(j) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A3” or better by Moody's and “A-1” or “A” or better by S&P;

(k) repurchase agreements for thirty (30) days or less (more than thirty (30) days which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee and (A) a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the Securities Investors Protection

Corporation and which are rated "A" or better by Moody's and S&P, or (B) a bank rated "A" or better by Moody's and S&P;

(ii) the written repurchase agreement contract must include the following: (A) securities acceptable for transfer, which may be direct U.S. government obligations, or federal agency obligations backed by the full faith and credit of the U.S. government; (B) the term of the repurchase agreement may be up to 30 days; (C) the collateral must be delivered to the Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee must have a perfected first priority security interest in the collateral; (E) the collateral must be free and clear of third-party liens and, in the case of a broker which falls under the jurisdiction of the Securities Investors Protection Corporation, are not subject to a repurchase agreement or a reverse repurchase agreement; (F) failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate the collateral; (G) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest (unless the securities used as collateral are obligations of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, in which case the collateral must be equal to 105% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest). If the value of securities held as collateral falls below 104% of the value of the cash transferred by the Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds;

(l) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P; provided, however, pre-refunded municipal bonds rated by S&P only (i.e., no Moody's rating) are acceptable if such pre-refunded municipal bonds were pre-refunded with cash, direct U.S. or U.S. guaranteed obligations or AAA rated pre-refunded municipal bonds; and

(m) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to deposit and withdraw from such investment directly in its own name.

"Plan Limits" means the limitation contained in a Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Successor Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by Section 33333.4 of the Redevelopment Law.

"Principal Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Principal Corporate Trust Office" means such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Successor Agency. Except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the corporate trust office of U.S. Bank National Association in St. Paul, Minnesota or such other office or agency of the Trustee at which at any particular time, its corporate trust agency shall be conducted.

"Project Areas" has the meaning given that term in the Recitals of the Indenture.

"Recognized Obligation Payment Schedule" means the schedule by that name prepared before each six-month fiscal period in accordance with the requirements of Section 34177(l) of the California Health and Safety Code.

"Redevelopment Obligation Retirement Fund" means the fund established and held by the Successor Agency pursuant to Section 34170.5(a) of the California Health and Safety Code.

"Redevelopment Plans" has the meaning given that term in the Recitals of the Indenture.

"Redevelopment Property Tax Trust Fund" means the fund established pursuant to Section 34170.5(b) of the California Health and Safety Code and administered by the Riverside County Auditor–Controller.

"Registration Books" means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

"Refunded Bonds" has the meaning given that term in the Recitals of the Indenture.

"Report" means a document in writing signed by an Independent Redevelopment Consultant and including:

(a) a statement that the person or firm making or giving such Report has read the pertinent provisions of the Indenture to which such Report relates;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

(c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"Reserve Account" means the account by that name established and held by the Trustee pursuant to the Indenture.

"Reserve Account Agreement" means the Debt Service Reserve Fund Agreement, dated October 16, 2014, by and between the Successor Agency and the Reserve Insurer.

"Reserve Insurer" means Build America Mutual Assurance Company, its successors and assigns, as issuer of the Reserve Policy.

"Reserve Policy" means the Municipal Bond Debt Service Reserve Insurance Policy issued by the Reserve Insurer guaranteeing payments to be applied to the payment of principal and interest on the 2014 Bonds as provided in the Reserve Account Agreement.

"Reserve Requirement" means $5,519,141.19.

"S&P" means Standard & Poor's Ratings Services and its successors.

"Semiannual Period" means (a) each six-month period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, and (b) each six-month period beginning on July 1 of any calendar year and ending on December 31 of such calendar year.

"Senior Obligation Indenture" means the indenture or other instrument providing for the issuance or payment of the Senior Obligations.

"Senior Obligations" has the meaning given that term in the Recitals of the Indenture.

"State" means the State of California.

"Subordinate Debt" means any bonds, notes, loans, advances or other indebtedness issued or incurred by the Successor 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 Successor Agency's obligation to pay Policy Costs to the Reserve Insurer pursuant to the Indenture and (iii) the Successor 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.

"Successor Agency" means the Successor Agency to the Redevelopment Agency of the City of Riverside, a public entity duly organized and existing under the Law.

"Supplemental Indenture" means any resolution, agreement or other instrument which has been duly adopted or entered into by the Successor Agency, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Tax Revenues" means, for each Fiscal Year, all moneys deposited in the Redevelopment Property Tax Trust Fund, as provided in paragraph (2) of subdivision (a) of Section 34183 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) amounts payable pursuant to Sections 33607.5 and 33607.7 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds. For purposes of illustrating the scope of the exclusion set forth in clause (i) of the preceding sentence, if the amounts pledged for repayment of a Senior Obligation under a Senior Obligation Indenture are tax increment revenues from a specific Project Area, then the amount excluded by clause (i) is only the tax increment from such Project Area that is actually used to make payments on such Senior Obligation; clause (i) does not exclude either (A) tax increment revenue from such Project Area that is not used to make payments on such Senior Obligation or (B) tax increment revenue from other Project Areas of the Successor Agency that are not pledged for repayment of such Senior Obligation but that, under the Dissolution Act, might otherwise be available to pay make payments on such Senior Obligation if the pledged revenues are not sufficient to make the payments.

"Term Bonds" means any Bonds subject to mandatory sinking fund redemption, as set forth in a Supplemental Indenture.

"Trustee" means U.S. Bank National Association, as trustee under the Indenture, or any successor thereto appointed as trustee under the Indenture in accordance with the provisions of the Indenture.

"2014 Bonds" means, collectively, the 2014A Bonds and the 2014B Bonds.

"2014A Bond" or "2014A Bonds" means the Successor Agency to the Redevelopment Agency of the City of Riverside 2014 Subordinate Tax Allocation Refunding Bonds, Series A.

"2014A Bond Proceeds Account" means the account by that name within the Bond Proceeds Fund established and held by the Trustee pursuant to the Indenture.

"2014A Costs of Issuance Account" means the account by that name within the Bond Proceeds Fund established and held by the Trustee pursuant to the Indenture.

"2014B Bond" or "2014B Bonds" means the Successor Agency to the Redevelopment Agency of the City of Riverside 2014 Subordinate Tax Allocation Refunding Bonds, Taxable Series B.

"Written Request of the Successor Agency" or "Written Certificate of the Successor Agency" means a request or certificate, in writing signed by the Executive Director, Secretary or Treasurer of the Successor Agency or by any other officer of the Successor Agency duly authorized by the Successor Agency for that purpose.

Pledge of Tax Revenues

Security of Bonds; Equal Security. The Successor 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 and any Parity Debt.

Pursuant to Section 34177.5(g) of the Dissolution Act, except as provided in the Indenture, the 2014A Bonds and any Parity Debt shall 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 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 Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the 2014A Bonds.

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

Establishment of Funds and Accounts; Flow of Funds

2014A Bond Proceeds Fund; 2014A Costs of Issuance Account. A separate fund shall be established to be known as the "Bond Proceeds Fund", which shall be held by the Trustee in trust, and within such Fund there shall be established a separate "2014A Bond Proceeds Account" and a separate "2014A Costs of Issuance Account."

(a) Use of Moneys in the 2014A Bond Proceeds Account. On the Closing Date, the Trustee shall transfer the moneys in the 2014A Bond Proceeds Account to U.S. Bank National Association, as escrow bank (the "Escrow Bank") for the purpose of providing for the defeasance and redemption of the Refunded Bonds as provided in the Indenture.

(b) Use of Moneys in the 2014A Costs of Issuance Account. The moneys in the 2014A Costs of Issuance Account shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance related to the 2014A Bonds upon submission of a Written Request of the Successor Agency stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date which is six (6) months following the Closing Date, or upon the earlier Written Request of the Successor Agency, all amounts (if any) remaining in the 2014A Costs of Issuance Account shall be withdrawn therefrom by the Trustee and transferred to the Interest Account of the Debt Service Fund to be used to pay debt service on the 2014A Bonds and the Trustee shall close the 2014A Costs of Issuance Account.

Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues. The Successor 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 Successor Agency shall continue to hold and maintain such fund as a separate fund in its treasury (which shall be a separate account from other accounts of the Successor Agency and the City of Riverside into which no other moneys shall be deposited). The Successor Agency shall deposit all of the Tax Revenues received with respect to any Semiannual Period into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency.

All Tax Revenues received by the Successor 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, shall be released from the pledge and lien under the Indenture and shall be applied in accordance with the 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 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 Successor Agency shall 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. A separate trust fund shall be established to be known as the Debt Service Fund, which shall be held by the Trustee under in the Indenture in trust. Concurrently with transfers with respect to Parity Debt pursuant to Parity Debt Instruments, moneys in the Redevelopment Obligation Retirement Fund shall be transferred by the Successor 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 (4th) Business Day preceding each Interest Payment Date, the Successor Agency shall 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 that 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 shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable.

Principal Account. On or before the fourth (4th) Business Day preceding September 1 in each year beginning September 1, 2015, the Successor Agency shall 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 Indenture or a 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 shall 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 the Indenture or a Supplemental Indenture, as it shall become due and payable.

Reserve Account. Within the Debt Service Fund a separate account shall be established to be known as the "Reserve Account" solely as security for payments on the 2014 Bonds payable by the Successor Agency pursuant to the Indenture, which shall be held by the Trustee in trust for the benefit of the Owners of the Bonds. The Reserve Requirement for the 2014 Bonds shall be satisfied by the delivery of the Reserve Policy by the Reserve Insurer to the Trustee on the Closing Date. The Trustee shall draw on the Reserve Policy in accordance with its terms and conditions and the terms of the Indenture.

The amounts available under the Reserve Policy shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account and the Principal Account in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the 2014 Bonds then Outstanding.

The Trustee shall comply with all documentation relating to the Reserve Policy as shall be required to maintain the Reserve Policy in full force and effect and as shall be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture.

The Successor Agency shall have no obligation to replace the Reserve Policy or to fund the Reserve Account with cash if, at any time that the 2014 Bonds are Outstanding, amounts are not available under the Reserve Policy.

Redemption Account. On or before the Business Day preceding any date on which Bonds are to be redeemed pursuant to the Indenture, the Trustee shall withdraw from the Debt Service Fund any amount transferred by the Successor Agency pursuant to the Indenture for deposit in the Redemption Account, such amount being the amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date pursuant to the Indenture and similar provisions in one or more Supplemental Indentures. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed pursuant to the Indenture and similar provisions in one or more Supplemental Indentures on the date set for such redemption. Interest due on Bonds to be redeemed on the date set for redemption shall, if applicable, be paid from funds available therefor in the Interest Account.

Reserve Policy. With respect to the Reserve Policy, notwithstanding anything to the contrary set forth in the Indenture, the Successor Agency and the Trustee agree to comply with the following provisions:

(a) The Successor Agency shall repay any draws under the Reserve Policy and pay all related reasonable expenses incurred by the Reserve Insurer. Interest shall accrue and be payable on such draws and expenses from the date of payment by the Reserve Insurer at the Late Payment Rate. “Late Payment Rate” means the lesser of (A) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (“Prime Rate”) (any change in such Prime Rate to be effective on the date such changes are announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2014 Bonds, and (B) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such bank, banking association or trust company bank as the Reserve Insurer in its sole and absolute discretion shall specify.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, the “Policy Costs”) shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Reserve Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Reserve Insurer on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy. The obligation of the Successor Agency to pay Policy Costs shall be secured by a valid lien on all Tax Revenues and other collateral pledged as security for the Bonds (which lien shall be subordinate only to the lien securing the 2014 Bonds and any Parity Debt and which lien shall be on a parity with the lien securing the obligation of the Successor Agency to replenish the Reserve Account for any Parity Debt and to reimburse the provider of a letter of credit, surety bond or similar instrument related to the debt service reserve fund for any Parity Debt).

All cash and investments in the Reserve Account established for the 2014 Bonds and all other available amounts in any funds available to pay debt service on the 2014 Bonds shall be transferred to the Debt Service Fund for payment of the debt service on the 2014 Bonds before any drawing may be made on the Reserve Policy or any other credit facility on deposit in the Reserve Account in lieu of cash (such credit facility hereinafter referred to as, a “Reserve Fund Credit Instrument”).

Payment of any Policy Cost shall be made prior to replenishment of any cash amounts into the Reserve Account. Draws on all Reserve Fund Credit Instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Fund Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, “available coverage” means the coverage then available for disbursement pursuant to the terms of the applicable Reserve Fund Credit Instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) Draws under the Reserve Policy may only be used to make payments on the 2014 Bonds.

(c) If the Successor Agency shall fail to pay any Policy Costs in accordance with the requirements of paragraph (a) above, the Reserve Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than (i) acceleration of the maturity of the 2014 Bonds, or (ii) remedies which would adversely affect Owners of the 2014 Bonds.

(d) The Indenture shall not be discharged until all Policy Costs owing to the Reserve Insurer shall have been paid in full. The Successor Agency's obligation to pay such amount shall expressly survive payment in full of the 2014 Bonds.

(e) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the provisions of paragraph (a) hereof and provide notice to the Reserve Insurer at least three Business Days prior to each date upon which interest or principal is due on the Bonds.

(f) The Reserve Policy shall expire and terminate in accordance with the terms and provisions of the Reserve Policy.

(g) Any amendment, supplement or modification to, or waiver of the Indenture that requires the consent of the Owners of the 2014 Bonds or adversely affects the rights or interest of the Reserve Insurer shall be subject to the prior written consent of the Reserve Insurer.

(h) The Reserve Insurer is recognized as and shall be deemed to be a third party beneficiary hereunder and may enforce the provisions of the Indenture as if it were a party hereunder.

(i) The Successor Agency covenants and agrees to take all actions required under the Dissolution Act to ensure all amounts payments to the Reserve Insurer are paid when due.

(j) The Successor Agency shall provide the Reserve Insurer with copies of Recognized Obligation Payment Schedule submitted and any and all correspondence received from the State Department of Finance upon receipt. In the event that the Successor Agency is a party to a meet and confer with the State Department of Finance, the Successor Agency shall timely notify the Reserve Insurer and the Reserve Insurer shall have the right to participate in the meet and confer process either by appearance with the Successor Agency at the meet and confer or through written submission as the Reserve Insurer determines in its discretion. In the event the Successor Agency receives a denial of a Recognized Obligation Payment Schedule relating to any of the Successor Agency's obligations, including but not limited to Policy Costs, and such denial could delay receipt of Tax Revenues necessary to pay debt service on the Bonds or Policy Costs, the Successor Agency agrees to cooperate in good faith with the Reserve Insurer and the Reserve Insurer shall receive prompt notice of any such event and shall be permitted to attend any meetings with the Successor Agency and the State Department of Finance and to discuss such matters with the State Department of Finance directly.

(k) In the event that the Successor Agency fails to timely file any Recognized Obligation Payment Schedule relating to the 2014 Bonds or Policy Costs for any period, the Successor Agency designates the Reserve Insurer as its attorney in fact with the power to file a Recognized Obligation Payment Schedule with respect to the 2014 Bonds or Policy Costs.

(l) The Successor Agency shall provide notice and other information to the Reserve Insurer at the address set forth in the Indenture as follows:

(i) The Successor Agency will provide the Reserve Insurer with all notices and other information it is obligated to provide (1) under the Continuing Disclosure Certificate and (2) to the Owners of the 2014 Bonds or the Trustee hereunder.

(ii) In addition, the Successor Agency shall provide the Reserve Insurer with the following notices and other information: (1) notice of any draw upon the Reserve Account within two (2) Business Days after knowledge thereof, other than in connection with withdrawals of amounts in excess of the Reserve Requirement; and (2) prior written notice of the advance refunding or redemption of any of the 2014 Bonds, including the principal amount, maturities and CUSIP numbers thereof.

(iii) The Reserve Insurer shall be entitled to receive such additional information as it may reasonably request.

Deposit and Investment of Moneys in Funds

Moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account and the Costs of Issuance Account shall be invested by the Trustee in Permitted Investments as directed by the Successor Agency in the Written Request of the Successor Agency filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such Written Request of the Successor Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (d) of the definition thereof, which by their terms mature prior to the date on which such moneys are required to be paid out under the Indenture. The Trustee shall be entitled to rely conclusively upon the written instructions of the Successor Agency directing investments in Permitted Investments as to the fact that each such investment is permitted by the laws of the State, and shall not be required to make further investigation with respect thereto. Moneys in the Redevelopment Obligation Retirement Fund may be invested by the Successor Agency in any obligations in which the Successor Agency is legally authorized to invest its funds. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee under the Indenture shall be deposited in the Interest Account. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made at the direction of the Successor Agency or otherwise made pursuant to the Indenture.

The Successor Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Successor Agency the right to receive brokerage confirmations of security transactions as they occur, the Successor Agency specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Successor Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee under the Indenture.

All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by the Indenture. Except as specifically provided in the Indenture, the Trustee shall not be liable to pay interest on any moneys received by it, but shall be liable only to account to the Successor Agency for earnings derived from funds that have been invested.

The Successor Agency covenants that all investments of amounts deposited in any fund or account created by or pursuant to the Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by the Indenture or the Code) at Fair Market Value. The Trustee has no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the Successor Agency in any Written Certificate or Written Request of the Successor Agency.

The term "Fair Market Value" shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

Other Covenants of the Successor Agency

<u>Issuance of Parity Debt; Subordinate Debt; Senior Debt</u>. In addition to the 2014 Bonds, the Successor Agency may issue or incur additional Parity Debt in such principal amount as shall be determined by the Successor Agency for refunding purposes only. The Successor Agency may issue and deliver any such Parity Debt subject to the following specific conditions that are hereby made conditions precedent to the issuance and delivery of such Parity Debt issued under the Indenture:

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

(b) The Successor Agency shall certify that the aggregate principal of and interest on the 2014 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 Successor Agency with respect to the Project Areas after the issuance of such Parity Debt; and

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

The Successor Agency may issue or incur Subordinate Debt in such principal amount as shall be determined by the Successor Agency. Any Subordinate Debt that is issued as bonds or incurred in the form of a loan shall be payable on the same dates as the 2014 Bonds.

In addition, from and after the Closing Date, the Successor Agency may not issue or incur any bonds, notes, loans, advances or other indebtedness that are secured by a pledge of moneys deposited in the Redevelopment Property Tax Trust Fund, as provided in paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act, on a basis senior or superior to the Bonds.

Extension of Payment. The Successor Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any Bond or claim for interest on any of the Bonds and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding the Bonds or claims for interest in any other manner. In case the maturity of any such Bond or claim for interest shall be extended or funded, whether or not with the consent of the Successor Agency, such Bond or claim for interest so extended or funded shall not be entitled, in case of default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Payment of Claims. The Successor Agency shall promptly pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Successor Agency or upon the Tax Revenues or other amounts pledged to the payment of the Bonds, or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds. Nothing contained in the Indenture shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said claims.

Books and Accounts; Financial Statements. The Successor Agency shall at all times keep, or cause to be kept, proper and current books and accounts in which accurate entries are made of the financial transactions and records of the Successor Agency, which shall be subject to inspection by the Reserve Insurer at all times during normal business hours and upon reasonable notice by the Reserve Insurer to the Successor Agency. Within one hundred eighty (180) days after the close of each Fiscal Year an Independent Certified Public Accountant shall prepare an audit of the financial transactions and records of the Successor Agency for such Fiscal Year. To the extent permitted by law, such audit may be included within the annual audited financial statements of the City. The Successor Agency shall furnish a copy of such financial statements to any Owner upon reasonable request of such Owner and at the expense of such Owner. The Trustee shall have no duty to review such audits. The Successor Agency agrees, consents and will cooperate in good faith to provide information reasonably requested by the Reserve Insurer and will further provide appropriately designated individuals and officers to discuss the affairs, finances and accounts of the Successor Agency or any other matter as the Reserve Insurer may reasonably request.

Protection of Security and Rights of Owners. The Successor Agency will preserve and protect the security of the Bonds and the rights of the Owners. From and after the Closing Date, the Bonds shall be incontestable by the Successor Agency.

Payments of Taxes and Other Charges. Except as otherwise provided in the Indenture, the Successor Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Successor Agency or the properties then owned by the Successor Agency in the Project Areas, or upon the revenues therefrom when the same shall become due. Nothing contained in the Indenture shall require the Successor Agency to make any such payment so long as the Successor Agency in good faith shall contest the validity of said taxes, assessments or charges. The Successor Agency will duly observe and conform with all valid requirements of any governmental authority relative to the Project Areas or any part thereof.

Compliance with the Law; Recognized Obligation Payment Schedules; Notice of Insufficiency. The Successor Agency shall comply with all of the requirements of the Law. Pursuant to Section 34177 of the Law, not less than 90 days prior to each January 2 and June 1, the Successor Agency shall submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule. The Successor Agency shall take all actions required under the Law to include in a Recognized Obligation Payment Schedule for each Semiannual Period payments due on the Senior Obligations, as applicable, all Policy Costs, and debt service on the Bonds and any Parity Debt that does not constitute Bonds, so as to enable the Riverside 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 Successor Agency to pay timely payments on the Senior Obligations, all Policy Costs and the principal of, and interest on, the Bonds and any Parity Debt 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 Schedules attached as Exhibit B and Exhibit I to the Indenture and hereby made a part hereof or as such Schedule may be hereafter amended and (b) the amounts of debt service set forth in the Recognized Obligation Debt Service Schedule attached to any Supplemental Indenture and hereby made a part hereof or as such Schedule may be hereafter amended, and the inclusion of any amount required to be deposited in the Reserve Account, in order to maintain in the Reserve Account the amount of the Reserve Requirement. Such actions shall further include, without limitation, placing on the periodic Recognized Obligation Payment Schedules for approval by the Oversight Board and the State Department of Finance, the amounts to be held by the Successor Agency as a reserve until the next Semiannual Period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest hereunder when the next property tax allocation is projected to be insufficient to pay all obligations due hereunder for the next payment due in the following Semiannual Period. Notwithstanding anything to the contrary, the Successor Agency shall include in the Recognized Obligation Payment Schedule for the January 2 distribution, (i) the annual principal and interest payment amount on the Senior Obligations, (ii) interest on the Bonds and other Parity Debt coming due on March 1, (iii) 50% of the principal payment on the Bonds coming due on September 1 and (iv) all Policy Costs due in the applicable Semiannual Period. The Recognized Obligation Debt Service Schedule shall not be amended except by Supplemental Indenture entered into pursuant to the Indenture.

The Successor Agency covenants that it will, on or before May 1 and December 1 of each year, file a Notice of Insufficiency with the County Auditor-Controller if the amount of Tax Revenues available to the Successor Agency from the Redevelopment Property Tax Trust Fund on the upcoming July 1 or January 2, as applicable, is insufficient to pay debt service on the Bonds, to pay debt service on any Parity Debt and to deposit into the Reserve Account an amount required in order to maintain in the Reserve Account the amount of the Reserve Requirement.

Plan Limit. If and to the extent that the Plan Limits apply to the Successor Agency under the Law, the Successor Agency shall annually review the total amount of property tax revenues available to be deposited into the Redevelopment Property Tax Trust Fund under the Plan Limits, as well as future cumulative annual payments on the Senior Obligations, the 2014 Bonds, any Parity Debt, any subordinate bonds payable from property tax revenues deposited into the Redevelopment Property Tax Trust Fund and any Policy Costs. If the property tax revenues available to be deposited into the Redevelopment Property Tax Trust Fund under the Plan Limits are less than one hundred five percent (105%) of all future payments on the Senior Obligations, the 2014 Bonds, any Parity Debt, any subordinate bonds payable from property tax revenues deposited into the Redevelopment Property Tax Trust Fund and any Policy Costs, all property tax revenues deposited into the Redevelopment Property Tax Trust Fund not needed to pay current or any past due debt service on any Successor Agency obligations or to replenish the Reserve Account to the Reserve Requirement shall be deposited into a Trustee-held escrow account (the "Escrow Account") and invested in Defeasance Obligations. Moneys in the Escrow Account must be used only to pay debt service, first, on the Senior Obligations and, second, pro rata on the 2014 Bonds and any Parity Debt, or to redeem Bonds and any Parity Debt that does not constitute Bonds.

Dissolution Act Invalid; Maintenance of Tax Revenues. In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions, provisions of the Redevelopment Law or the equivalent become applicable to the Bonds, the Successor Agency shall comply with all requirements of the Redevelopment Law or the equivalent to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and, in the case of amounts payable by the State, appropriate officials of the State and shall apply any such Tax Revenues received by the Successor Agency in the manner set forth in the Indenture. In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and neither provisions of the Redevelopment Law nor the equivalent replace the invalid provisions, then the Successor Agency shall use good faith efforts to insure the allocation and payment to it of the Tax Revenues and, if and to the extent the Tax Revenues are thereafter insufficient for the Successor Agency to satisfy its obligations under the Indenture, an Event of Default shall be deemed to have occurred and the remedies upon an Event of Default contained in the Indenture shall apply.

No Arbitrage. The Successor Agency shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2014A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2014A Bonds would have caused the 2014A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Private Activity Bond Limitation. The Successor Agency shall assure that the proceeds of the 2014A Bonds are not so used as to cause the 2014A Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

Federal Guarantee Prohibition. The Successor Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2014A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Rebate Requirement. The Successor Agency shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

Maintenance of Tax-Exemption. The Successor Agency shall take all actions necessary to assure the exclusion of interest on the 2014A Bonds from the gross income of the Owners of the 2014A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2014A Bonds.

Continuing Disclosure. The Successor Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate related to the 2014A Bonds. Notwithstanding any other provision of the Indenture, failure of the Successor Agency to comply with the Continuing Disclosure Certificate shall not be an Event of Default under the Indenture. However, any Participating Underwriter or any holder or beneficial owner of the 2014A Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Successor Agency to comply with its obligations under the Indenture.

Further Assurances. The Successor Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds the rights and benefits provided in the Indenture.

Amendment of Indenture

Amendment With And Without Consent of Owners. The Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding upon adoption and, but without the consent of the Owners, to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Successor Agency in the Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or powers reserved in the Indenture to or conferred upon the Successor Agency; or

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in any other respect whatsoever as the Successor Agency may deem necessary or desirable, provided under any circumstances that such modifications or amendments shall not, in the reasonable determination of the Successor Agency, materially adversely affect the interests of the Owners; or

(c) to amend any provision hereof relating to the requirements of or compliance with the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exemption from federal income taxation of interest on any of the Bonds, in the opinion of Bond Counsel; or

(d) to amend the Recognized Obligation Debt Service Payment Schedule set forth in Exhibit B of the Indenture to take into account the redemption of any Bond prior to its maturity; or

(e) to provide for the issuance of Parity Debt pursuant to a Supplemental Indenture, as such issuance is authorized by the Indenture.

Except as set forth in the Indenture, the Indenture and the rights and obligations of the Successor Agency and of the Owners may be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Successor Agency to pay the principal or interest at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, or (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification. In no event shall any Supplemental Indenture modify any of the rights or obligations of the Trustee without its prior written consent. In addition, the Trustee shall be entitled to an opinion of counsel concerning the Supplemental Indenture's lack of any material adverse effect on the Owners.

Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to the Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement or Replacement of Bonds After Amendment. After the effective date of any amendment or modification hereof pursuant to the Indenture, the Successor Agency may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the Successor Agency, as to such amendment or modification and in that case upon demand of the Successor Agency the Owners of such Bonds shall present such Bonds for that purpose at the Principal Corporate Trust Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the Successor Agency may determine that new Bonds shall be prepared at the expense of the Successor Agency and executed in exchange for any or all of the Bonds, and in that case, upon demand of the Successor Agency, the Owners of the Bonds shall present such Bonds for exchange at the Trust Office of the Trustee, without cost to such Owners.

Amendment by Mutual Consent. The provisions of the Indenture shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner, provided that due notation thereof is made on such Bond.

Trustee's Reliance. The Trustee may conclusively rely, and is protected in relying, upon a Certificate of the Successor Agency and an opinion of Bond Counsel stating that all requirements of the Indenture relating to the amendment or modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Bond Owners.

Events of Default and Remedies

Events of Default and Acceleration of Maturities. The following events shall constitute Events of Default under the Indenture:

(a) if default shall be made by the Successor Agency in the due and punctual payment of the principal of or interest on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Successor Agency in the observance of any of the covenants, agreements or conditions on its part in the Indenture or in the Bonds or any Parity Debt Instrument contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of thirty (30) days following receipt by the Successor Agency of written notice from the Trustee or any Owner of the occurrence of such default, provided that if in the reasonable opinion of the Successor Agency the failure stated in the notice can be corrected, but not within such 30 day period, such failure will not constitute an event of default if corrective action is instituted by the Successor Agency within such 30 day period and the Successor Agency thereafter diligently and in good faith cures such failure in a reasonable period of time; or

(c) If a default is made under a Senior Obligation Indenture; or

(d) If the Successor Agency files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction will approve a petition seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will approve a petition, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or, if under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction will assume custody or control of the Successor Agency or of the whole or any substantial part of its property.

If an Event of Default has occurred under the Indenture and is continuing, the Trustee may, or if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) the Trustee shall, subject to the provisions of the Indenture, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity.

Immediately upon receiving notice or actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Successor Agency by telephone promptly confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners by mail, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject under the Indenture to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Successor Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest (to the extent permitted by law), and the reasonable fees and expenses of the Trustee, (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Trustee shall promptly give written notice of the foregoing to the Owners of all Bonds then Outstanding, and the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Successor Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration. All of the Tax Revenues and all sums in the funds and accounts established and held by the Trustee under the Indenture upon the date of the declaration of acceleration as provided in the Indenture, and all sums thereafter received by the Trustee thereunder, shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in exercising the rights and remedies set forth in the Indenture, including reasonable compensation to its agents, attorneys (including the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel) and counsel and any outstanding fees, expenses of the Trustee; and

Second, to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the net effective rate then borne by the Outstanding Bonds (to the extent that such interest on overdue installments of principal and interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Indenture, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds under the Indenture opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Owner's Right to Sue. No Owner of any Bond issued under the Indenture shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the

Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest on such Bond as provided in the Indenture, shall not be impaired or affected without the written consent of such Owner, notwithstanding any other provision of the Indenture.

Non-Waiver. Nothing in the Indenture or in the Bonds, shall affect or impair the obligation of the Successor Agency, which is absolute and unconditional, to pay from the Tax Revenues and other amounts pledged under the Indenture, the principal of and interest on the Bonds to the respective Owners on the respective Interest Payment Dates, as provided in the Indenture, or affect or impair the right of action, which is also absolute and unconditional, of the Owners or the Trustee to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner or the Trustee shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners and the Trustee by the Law or by the Indenture may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners and the Trustee.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the Owners or the Trustee, the Successor Agency, the Trustee and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner shall have the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, provided, however, the Trustee shall have no duty or obligation to exercise any such right or remedy unless it has been indemnified to its satisfaction from any loss, liability or expense (including fees and expenses of its outside counsel and the allocated costs and disbursements of its in-house counsel to the extent such services are not redundant with those provided by outside counsel).

Remedies Not Exclusive. No remedy conferred upon or reserved under the Indenture to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Defeasance of Bonds

Defeasance of Bonds. If the Successor Agency shall pay and discharge the entire indebtedness on all Bonds or any portion thereof in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of and interest and redemption premium (if any) on all or the applicable portion of Outstanding Bonds, as and when the same become due and payable; or

(ii) by irrevocably depositing with the Trustee or an escrow agent, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to the Indenture, is fully sufficient to pay all or the applicable portion of Outstanding Bonds, including all principal, redemption premium (if any) and interest, or;

(iii) by irrevocably depositing with the Trustee or an escrow agent, in trust, Defeasance Obligations in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to the Indenture, be fully sufficient to pay and discharge the indebtedness on all Bonds or the applicable portion thereof (including all principal, redemption premium (if any) and interest) at or before maturity; or

(iv) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

then, at the election of the Successor Agency, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the Successor Agency under the Indenture shall cease and terminate with respect to all Outstanding Bonds or, if applicable, with respect to that portion of the Bonds which has been paid and discharged, except only (a) the covenants of the Successor Agency under the Indenture with respect to the Code, (b) the obligation of the Trustee to transfer and exchange Bonds under the Indenture, (c) the obligations of the Successor Agency under the Indenture, and (d) the obligation of the Successor Agency to pay or cause to be paid to the Owners, from the amounts so deposited with the Trustee, all sums due thereon and to pay the Trustee all fees, expenses and costs of the Trustee. In the event the Successor Agency shall, pursuant to the foregoing provision, pay and discharge any portion or all of the Bonds then Outstanding, the Trustee shall be authorized to take such actions and execute and deliver to the Successor Agency all such instruments as may be necessary or desirable to evidence such discharge, including, without limitation, selection by lot of Bonds of any maturity of the Bonds that the Successor Agency has determined to pay and discharge in part.

In the case of a defeasance or payment of all of the Bonds Outstanding, any funds thereafter held by the Trustee which are not required for said purpose or for payment of amounts due the Trustee pursuant to the Indenture shall be paid over to the Successor Agency for deposit in the Redevelopment Retirement Obligation Fund.

In connection with the defeasance of Bonds under the Indenture, the Successor Agency shall enter into an escrow agreement with the Trustee or other fiduciary which shall provide that:

(a) Any substitution of securities shall require the delivery of Verification Report and an opinion of Bond Counsel that such substitution will not adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

(b) If applicable, the Successor Agency will not exercise any prior optional redemption of Bonds secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (i) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds (if any), and (ii) as a condition to any such redemption the Successor Agency has delivered to the Trustee a Verification Report as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following any such redemption.

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:

October ___, 2014

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

OPINION: $61,250,000 Successor Agency to the Redevelopment Agency of the City of Riverside 2014 Subordinate Tax Allocation Refunding Bonds, Series A; and $1,730,000 Successor Agency to the Redevelopment Agency of the City of Riverside 2014 Subordinate 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 $61,250,000 Successor Agency to the Redevelopment Agency of the City of Riverside 2014 Subordinate Tax Allocation Refunding Bonds, Series A (the "Series A Bonds") and of $1,730,000 Successor Agency to the Redevelopment Agency of the City of Riverside 2014 Subordinate 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 and corporations; although for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding 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, 2013

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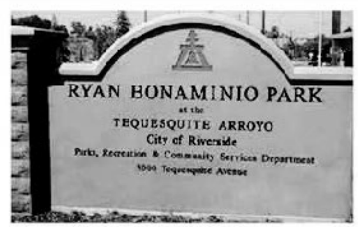
Comprehensive Annual Financial Report

Year Ended June 30, 2013

Seizing Our Destiny / The Movement for Riverside's Prosperous Future



CITY OF RIVERSIDE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2013

Prepared by the Finance Department
Brent A. Mason, Finance Director/Treasurer

3900 Main Street, Riverside, California 92522 (951) 826-5660

This report was printed on recycled stock

CITY OF RIVERSIDE

CITY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

CITY OF RIVERSIDE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

FINANCIAL SECTION (CONT.)

STATISTICAL SECTION

October 25, 2013

To the Honorable Mayor, Members of the City Council and Citizens of the City of Riverside:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Riverside (the City) for the fiscal year ended June 30, 2013.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Moss Adams LLP, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2013. The independent auditor's report is presented as the first component of the financial section of this CAFR.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

Management has provided an overall analysis of the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Riverside

The City of Riverside, incorporated on October 11, 1883, is located in the western portion of Riverside County about 60 miles east of Los Angeles. The City currently occupies a land area of 81.507 square miles.

The City operates under the council-manager form of government, with a seven-member council elected by ward for four-year overlapping terms. The mayor is elected at large for a four-year term and is the presiding officer of the Council, but does not have a vote except in the case of a tie. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments. The Council is elected on a non-partisan basis.

The City provides a full range of services which include general government, public safety (police, fire, disaster preparedness and building inspection), construction and maintenance of highways and streets, economic development, culture and recreation, electric, water, airport, refuse, sewer, and senior citizen/handicap transportation. In addition to general City activities, the Council is financially accountable for the Riverside Housing Authority, Riverside Public Financing Authority, Riverside Municipal Improvements Corporation and the Successor Agency, which was formed to hold the assets of the former Redevelopment Agency; therefore, these entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review at least thirty-five calendar days prior to the beginning of each fiscal year. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, which is the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 27 as part of the basic financial statements for the governmental funds. For governmental funds other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which begins on page 71.

Local economy: The City is located in the Inland Empire, which consists of Riverside and San Bernardino Counties (the "MSA"). The population of the Inland Empire at approximately 4.2 million is larger than 24 states. The City leads the Inland Empire in most measures of economic power, including population, income, employment, bank deposits, assessed valuation, office space and college enrollment. The population of the City is 311,955, which places it as the sixth largest in Southern California.

Unemployment in the MSA is currently at 9.7% down from 13.7% for the same period last year with modest improvements in the real estate and home building sectors. The Citywide budget for the fiscal year 2013/2014 projects a 23% decrease in expenditures and is balanced. The decrease is attributable to capital projects.

The MSA is projected to grow in future years because land values continue to remain well below those in Los Angeles, Orange and San Diego Counties. Among the City's challenges is a lack of available space for manufacturing and industrial development within current boundaries.

Goals and Vision: Seizing Our Destiny is Riverside's community-driven campaign that builds on the city's existing strengths to create an even better place to live, work and play for future generations. The Seizing Our Destiny Campaign was developed by City officials and civic leaders and encompasses a 20-year strategic vision that mobilizes the skills and resources of a broad cross-section of Riverside toward one common goal – a better community for us all. The goal, or Vision, has four primary aspects for Riverside:

- **Nurture Intelligent Growth**
- **Catalyst for Innovation**
- **Location of Choice**
- **Evolve as a Unified City**

Long-term financial planning. Annually, the City updates a five (5) year Capital Improvement Program (CIP). Planned capital expenditures during fiscal years 2013/14 - 2017/18 total approximately $448 million. The projects encompass all seven Council wards and enhance the life of all residents. Funding comes from multiple sources, including existing funds; bond proceeds, user fees, special tax revenues, and regional, state and federal funds. In addition to routine electric, water, sewer and transportation-related projects, the CIP includes improvements to Parks, Recreation and Community Services projects; railroad-related projects; and municipal buildings and facilities, such as library, police and fire facilities.

Financial policies. A portion of fund balance within the General Fund is set aside and designated for future economic contingencies. The amount that has been set aside is equal to approximately 15% of General Fund expenditures.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Riverside for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the twenty-fifth consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.

This award is valid for a period of one year only. We believe that our current CAFR continues to meet the Program's requirements and we are submitting it to the GFOA again this year.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department, particularly the leadership of Jason Al-Imam, Controller. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

Scott C. Barber
City Manager

Brent A. Mason
Finance Director/Treasurer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Riverside
California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2012

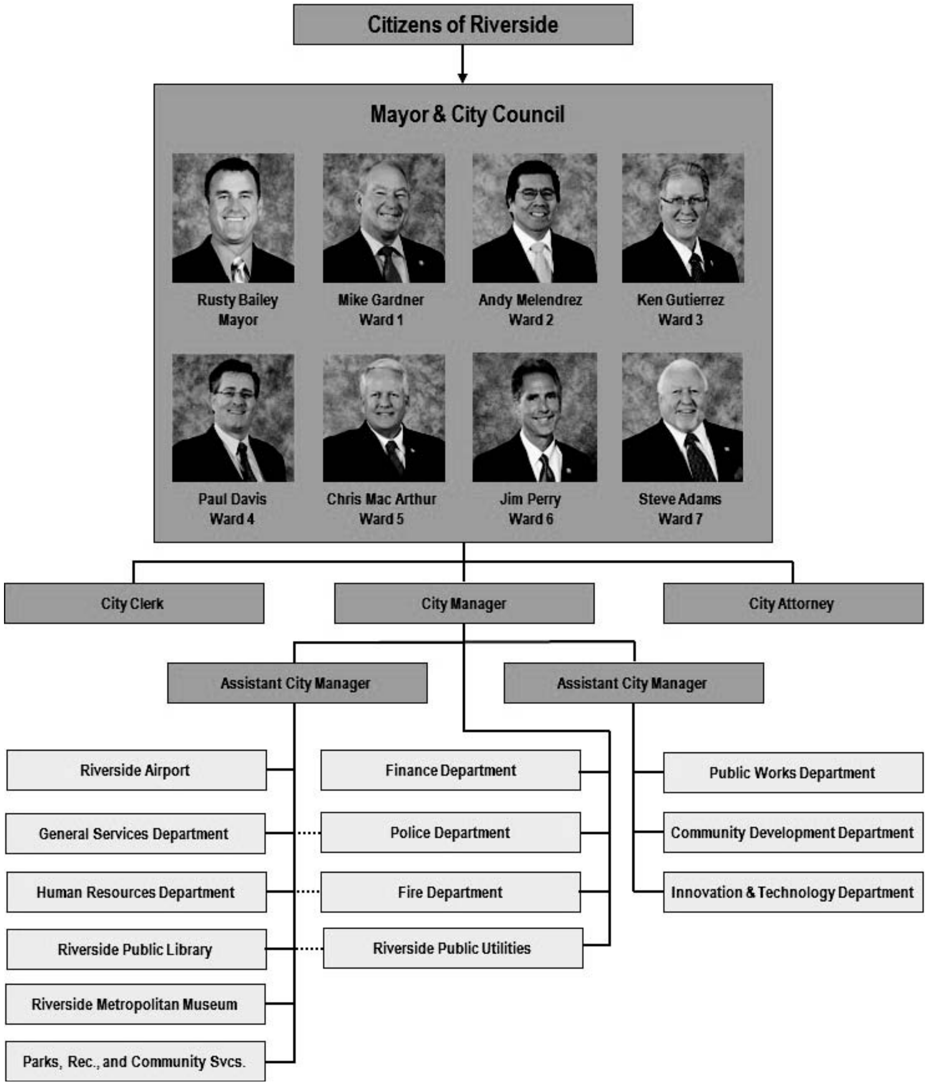
Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Riverside for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ORGANIZATION CHART



LEGISLATIVE OFFICIALS

Rusty Bailey .... Mayor
Mike Gardner .... Councilmember – Ward 1
Andy Melendrez .... Councilmember – Ward 2
Ken Gutierrez .... Councilmember – Ward 3
Paul Davis .... Councilmember – Ward 4
Chris Mac Arthur .... Councilmember – Ward 5
Jim Perry .... Councilmember – Ward 6
Steve Adams .... Councilmember – Ward 7

CITY OFFICIALS

Scott C. Barber .... City Manager*
Belinda Graham .... Assistant City Manager
Deanna Lorson .... Assistant City Manager

Mark S. Ripley .... Airport Director
Colleen J. Nicol .... City Clerk*
Gregory P. Priamos .... City Attorney*
Sergio G. Diaz .... Chief of Police
Lea Deesing .... Chief Innovation Officer
Al Zelinka .... Community Development Director
Brent A. Mason .... Finance Director/Treasurer
Steve Earley .... Fire Chief
Kris Martinez .... General Services Director
Rhonda Strout .... Human Resources Director
Tonya Kennon .... Library Director
Sarah Mundy .... Museum & Cultural Affairs Director
Ralph Nuñez .... Parks, Recreation & Community Svcs. Director
Stephen H. Badgett .... Interim General Manager - Public Utilities
Tom Boyd .... Public Works Director/City Engineer

*Appointed by City Council

REPORT OF INDEPENDENT AUDITORS

Honorable Mayor and Members of the City Council
City of Riverside
3900 Main Street
Riverside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparison of the general fund and the aggregate remaining fund information of the City of Riverside, California ("the City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the budgetary comparison of the general fund and the aggregate remaining fund information of the City of Riverside as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, for the year ended, June 30, 2013, the City adopted new accounting guidance that reflects certain changes to the presentation and the reclassification of certain accounts due to the implementation of Governmental Accounting Standards Board Statements Nos. 63 and 65. Our opinions are not modified with respect to these matters.

As discussed in Notes 1, 17, and 18 to the financial statements, for the year ended, June 30, 2013, the City recognized extraordinary losses due to the accelerated decommissioning of the San Onofre Nuclear Generating Station of which the City owns a partial interest. Our opinions are not modified with respect to these matters.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Riverside's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and the individual fund financial statements and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and the individual fund financial statements and the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

MOSS-ADAMS LLP

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we issued our report dated October 25, 2013 on our consideration of the City of Riverside's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Riverside's internal control over financial reporting and compliance.

Moss Adams LLP

Los Angeles, California
October 25, 2013

Management's Discussion and Analysis

As management of the City of Riverside, we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on page i of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, compromised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains certain supplementary information.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The governmental activities of the City include general government, public safety, highways and streets, and culture and recreation. The business type activities of the City include Electric, Water, Sewer, Refuse, Public Parking, Airport and Transportation services.

The government-wide financial statements include the activities of the City and three blended component units, which consist of the Riverside Housing Authority, Riverside Public Financing Authority and the Riverside Municipal Improvements Corporation. Although legally separate, these entities function for all practical purposes as departments of the City and therefore have been blended as part of the primary government. The Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) is included as a fiduciary component unit since it would be misleading to exclude the Successor Agency due to the nature and significance of the relationship between the City and the Successor Agency. The activity of the Successor Agency is reported with the City's fiduciary funds, which is not included in the government-wide statements since the resources of those funds are *not* available to support the City's own programs.

Both the Governmental Activities and the Business Type Activities are presented on the accrual basis of accounting, a basis of accounting that differs from the modified accrual basis of accounting used in presenting governmental fund financial statements. Note 1 of the Notes to the Basic Financial Statements fully describe these bases of accounting. Proprietary funds, discussed below, also follow the accrual basis of accounting.

The government-wide financial statements can be found on pages 21-22 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental funds. *Governmental funds* are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* as well as on balances of spendable resources available at the end of the fiscal year.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Reconciliations to facilitate this comparison are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The major reconciling items relate to capital assets and debt. In the Governmental Funds, acquisitions of capital assets are treated as "expenditures" because upon purchase of a capital asset, cash used for the acquisition is no longer available for other purposes. The issuance of debt provides cash, which is now available for specified purposes. Accordingly, at the end of the fiscal year, the unreserved fund balances of the Governmental Funds reflect spendable resources available for appropriation by the City Council. Spendable balances are not presented on the face of the government-wide financial statements.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Outlay Fund, which are major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and can be found on pages 67-73 in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 23-27 of this report.

Proprietary funds. The City maintains two different types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as *business type activities* in the government-wide financial statements. The City uses enterprise funds to account for Electric, Water, Sewer, Refuse, Parking, Airport and Transportation services. *Internal service* funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for self-insured insurance programs, central stores and its fleet of vehicles. Because these services predominantly benefit governmental rather than business type functions, they have been included within *governmental activities* in the government-wide financial statements. Internal service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting.

Proprietary funds provide the same type of information as the government-wide financial statements (*business type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water and Sewer operations, all of which are considered to be major funds of the City. The four remaining proprietary funds noted above are combined into a single, aggregated presentation. All internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major proprietary funds and the internal service funds is provided in the form of *combining statements* and can be found on pages 75-84 in this report.

The basic proprietary fund financial statements can be found on pages 28-32 of this report.

Fiduciary funds. Fiduciary funds are used to account for situations where the City's role is purely custodial. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 33-34 of this report, and the combining statement for the agency fund can be found on page 85.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 35 of this report.

Government-wide Financial Analysis

The following table presents a summarization of the City's assets, liabilities, deferred inflows and outflows, and net position for its governmental and business type activities. As noted earlier, a government's net position may serve over time as a useful indicator of its financial position.

	Governmental Activities		Business type Activities		Total	
	2013	2012 *	2013	2012 *	2013	2012 *
Current and other assets	$ 368,905	$ 390,196	$ 814,367	$ 864,492	$ 1,183,272	$ 1,254,688
Capital assets, net	1,318,614	1,271,805	1,454,228	1,413,797	2,772,842	2,685,602
Total assets	1,687,519	1,662,001	2,268,595	2,278,289	3,956,114	3,940,290
Deferred Outflows of Resources	19,763	28,901	40,453	59,604	60,216	88,505
Current liabilities	71,349	85,513	159,173	168,991	230,522	254,504
Long-term liabilities	452,721	419,434	1,130,283	1,161,998	1,583,004	1,581,432
Total liabilities	524,070	504,947	1,289,456	1,330,989	1,813,526	1,835,936
Deferred Inflows of Resources	1,026	-	10,000	-	11,026	-
Net position:						
Net investment in capital assets	1,083,485	1,076,485	609,691	666,919	1,693,176	1,743,404
Restricted	80,712	86,325	69,068	54,923	149,780	141,248
Unrestricted	17,989	23,145	330,833	285,062	348,822	308,207
Total net position	$ 1,182,186	$ 1,185,955	$ 1,009,592	$ 1,006,904	$ 2,191,778	$ 2,192,859

* Certain reclassifications have been made to prior year balances to conform with the current year's presentation.

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $2,191,778 at June 30, 2013, a decrease of $1,081 from June 30, 2012.

By far the largest portion of the City's net position (77 percent) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), net of any related debt that is still outstanding used to acquire those assets and net of unspent bond proceeds and cash held in bond reserve accounts. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

An additional portion of the City's net position (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, $330,833 is held by the business type activities and $17,989 is held by the governmental activities.

The City's total net position decreased by $1,081 during the current fiscal year, which reflects a decline in governmental activities of $3,769 and growth of $2,688 in business type activities. Governmental operating results is discussed on page 11 and business-type operating results is discussed on page 14.

On the following page is a condensed summary of activities of the City's governmental and business type operations for the period ended June 30, 2013 with the prior fiscal year presented for comparative purposes. Also included in the following analysis are revenue and expense graphs to aid in understanding the results of the current year's activities.

(Balance of page intentionally left blank)

	Governmental Activities		Business type Activities		Total	
	2013	2012 *	2013	2012 *	2013	2012 *
Revenues:						
Program Revenues:						
Charge for services	$ 42,193	$ 43,653	$ 487,540	$ 462,249	$ 529,733	$ 505,902
Operating Grants and Contributions	21,485	31,581	2,718	2,738	24,203	34,319
Capital Grants and Contributions	32,202	54,476	11,734	21,164	43,936	75,640
General Revenues:						
Sales taxes	50,222	47,701	-	-	50,222	47,701
Property taxes	52,904	74,179	-	-	52,904	74,179
Other taxes and fees	37,205	35,549	-	-	37,205	35,549
Investment income	2,786	4,440	4,744	11,405	7,530	15,845
Other	9,208	9,273	5,767	3,110	14,975	12,383
Total Revenues	248,205	300,852	512,503	500,666	760,708	801,518
Expenses:						
General government	54,808	48,731	-	-	54,808	48,731
Public safety	147,652	148,605	-	-	147,652	148,605
Highways and streets	35,072	35,342	-	-	35,072	35,342
Culture and recreation	40,077	54,594	-	-	40,077	54,594
Interest on long-term debt	16,627	25,087	-	-	16,627	25,087
Electric	-	-	292,175	288,799	292,175	288,799
Water	-	-	58,768	56,715	58,768	56,715
Sewer	-	-	43,945	43,702	43,945	43,702
Refuse	-	-	20,581	19,979	20,581	19,979
Airport	-	-	2,029	2,646	2,029	2,646
Transportation	-	-	3,745	3,667	3,745	3,667
Public parking	-	-	5,051	4,984	5,051	4,984
Total expenses	294,236	312,359	426,294	420,492	720,530	732,851
Increase (decrease) in net position before transfers and extraordinary items	(46,031)	(11,507)	86,209	80,174	40,178	68,667
Transfers, net	42,262	40,679	(42,262)	(40,679)	-	-
Extraordinary items:						-
Transfer of assets and liabilities to Succesor Agency	-	98,022	-	-	-	98,022
Transfer of assets from Successor Agency	-	56,522	-	-	-	56,522
Assumption of obligation	-	(4,927)	-	-	-	(4,927)
Power Plant Closure	-	-	(41,259)	-	(41,259)	-
Total changes in net position	(3,769)	178,789	2,688	39,495	(1,081)	218,284
Net position - beginning, as restated	1,185,955	1,007,166	1,006,904	967,409	2,192,859	1,974,575
Net position - ending	$ 1,182,186	$ 1,185,955	$ 1,009,592	$ 1,006,904	$ 2,191,778	$ 2,192,859

* Certain reclassifications have been made to prior year amounts to conform with the current year's presentation.

Governmental activities. Net position for governmental activities decreased by $3,769 accounting for 0.3 percent decrease in total net position. Governmental net position in the prior fiscal year increased by $178,789. Key elements of this year's activity in relation to the prior year are as follows:

Revenues:

- While variances between years exist for the various revenue categories, the total net decrease was approximately $53 million, which is largely attributable to a decrease in grants and property taxes. Overall grants and contributions declined by $32 million or 38% and property tax revenue decreased by $21 million or 29%. The decrease in grant related revenue was attributable to the completion of several grade separation projects. The decrease in property tax revenue relates to the dissolution of the Redevelopment Agency.

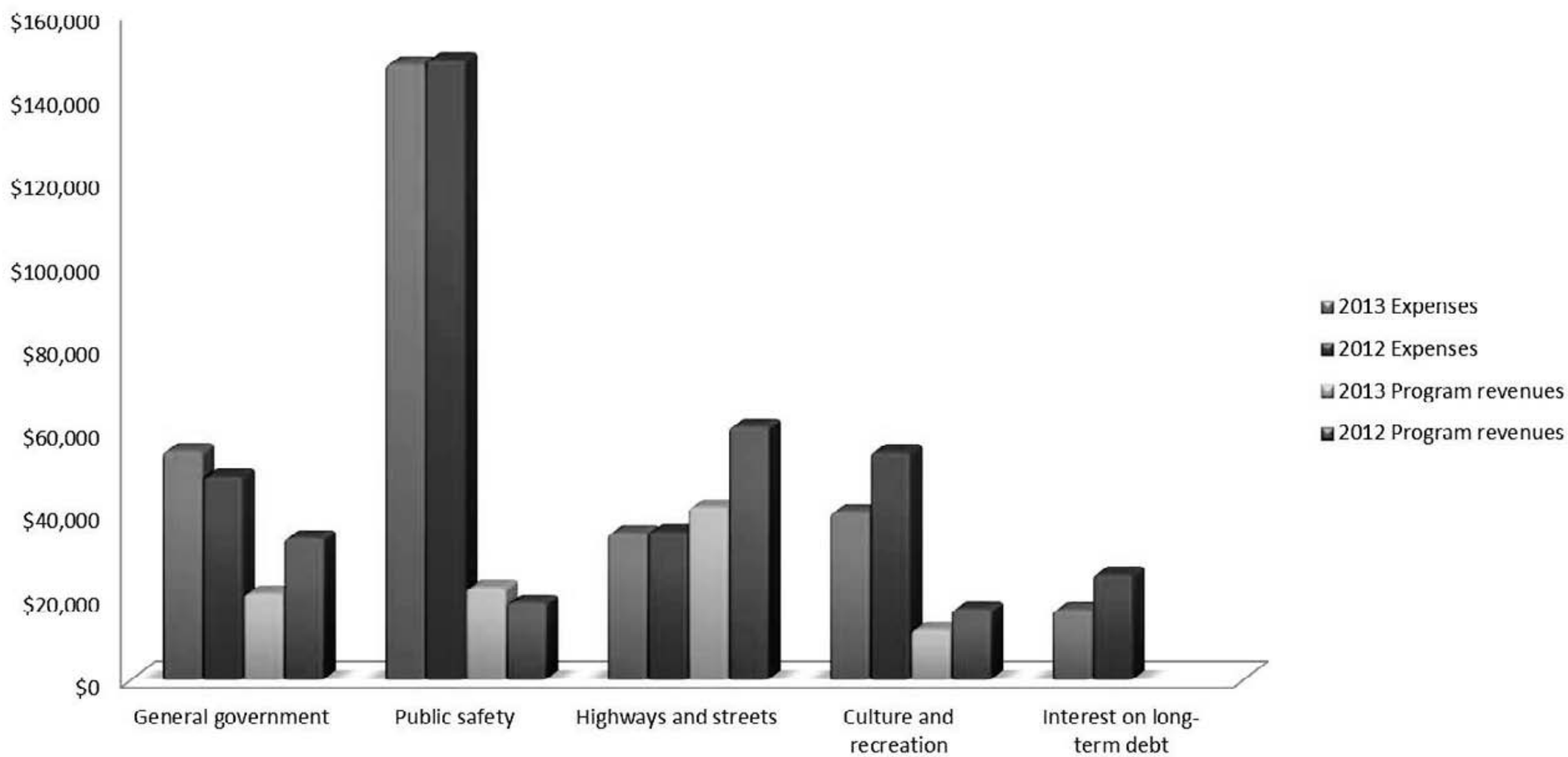
Expenses:

- While variances between years exist for the various expense functions, the total net decrease was approximately $18 million or 6%. This primarily relates to a decrease in interest expense of approximately $8.5 million, which primarily relates to the dissolution of the Redevelopment Agency in 2012. Interest expense associated with the Redevelopment Agency during the first 7 months of fiscal year 2011/12 amounted to $7.7 million, which was included as part of governmental activities. However, the activity of the former Redevelopment Agency since dissolution (February 1, 2012) has been reported in the private purpose trust fund of the Successor Agency.

Extraordinary items:

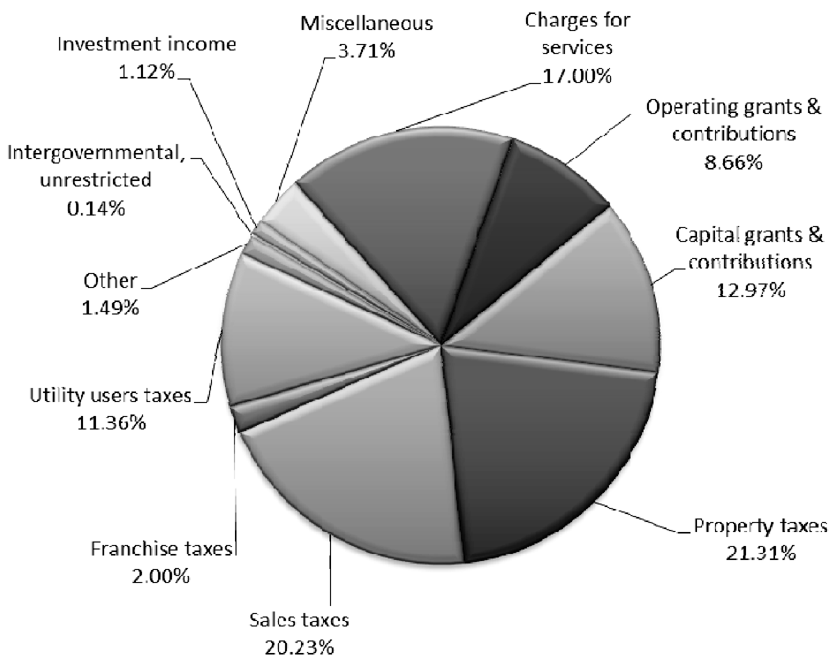
- In the prior year, net position increased by $149.6 million due to the dissolution of the Redevelopment Agency.

Expenses and Programs Revenues – Governmental Activities – Fiscal Year Comparison 2013 vs. 2012

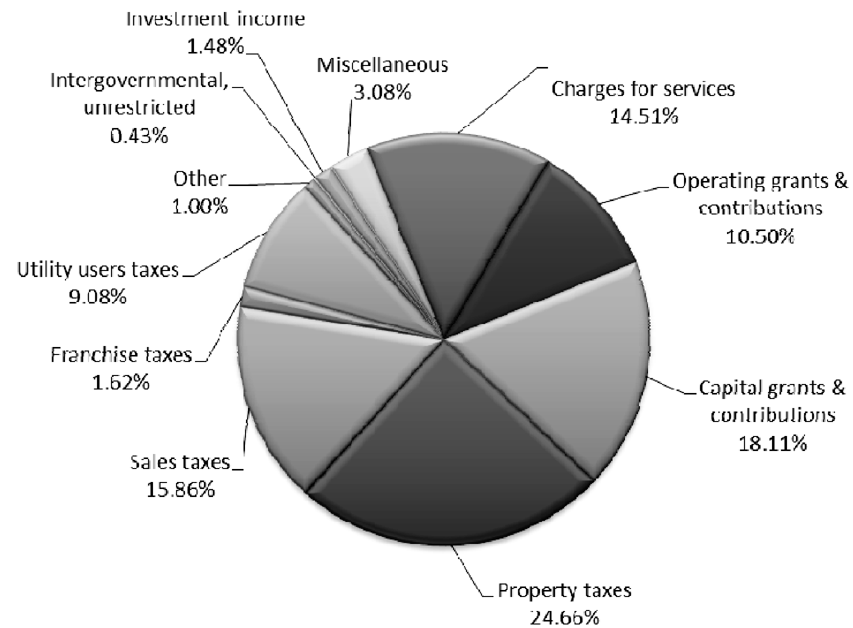


Revenues by Source – Governmental Activities – Fiscal Year Comparison

2013



2012

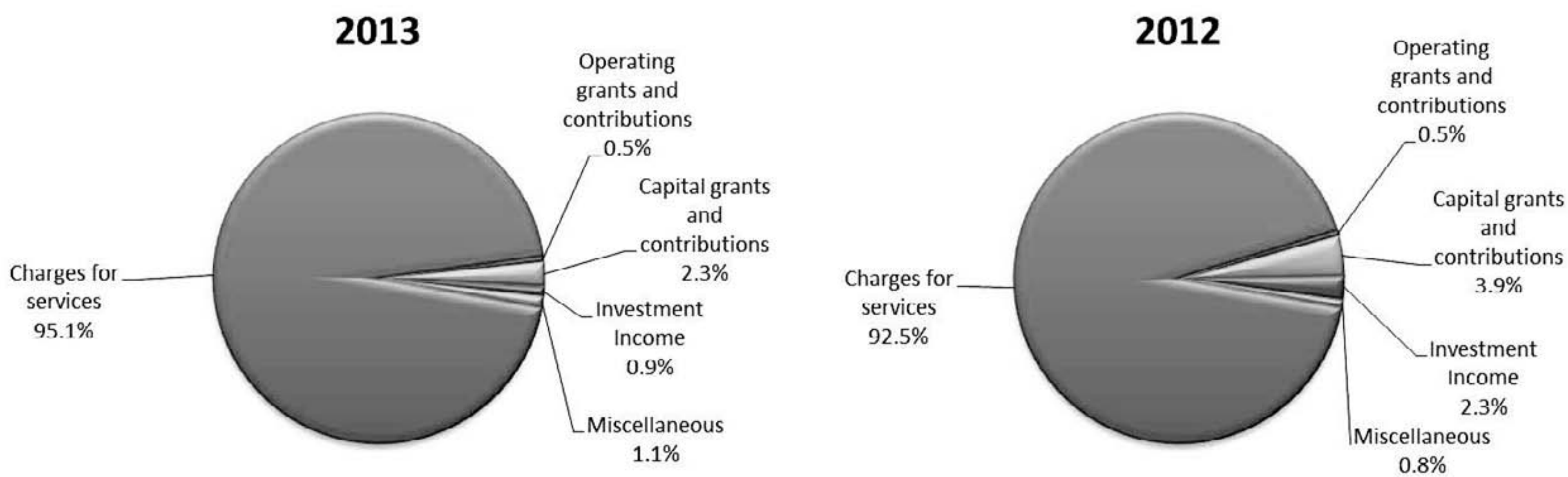


Business-type activities. The net position of business type activities increased by $2,688, accounting for a 0.3 percent increase in total net position. The net position of business type activities increased by $39,495 in the prior year. Key elements of this year's activity in relation to the prior year are as follows:

- In 2013, charges for services increased $25,291 to $487,540. The increase primarily related to increases in Electric, Sewer and Water revenues, which is explained in further detail as follows:
  - Electric charges for services increased by $14,904 (4.5%). The increase was due to expanded customer base, a 3.7% increase in retail consumption and higher transmission revenues authorized by the Federal Energy Regulatory Commission.
  - Sewer charges for services increased by $6,025 (16%). New rates and charges went into effect on July 1, 2012 for residential, commercial and industrial customers. Rates for basic single family and multi-family dwellings increased by 13%, which is the primary reason for the increase in Sewer charges for services.

- The increase in charges for services was primarily offset by the following:
  - Expenses increased by $5,802 primarily due to a $3.4 million increase in electric distribution and purchased power costs.
  - In 2013 there was an extraordinary loss of $41,259 related to the closure of the San Onofre Nuclear Power Plant.

Revenues by Source – Business Type Activities – Fiscal Year Comparison



Financial Analysis of the City's Funds

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The following table summarizes the balance sheet of the City's General, Capital Outlay, and Other Governmental Funds. As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

	General Fund		Capital Outlay		Other Governmental Funds		Total Governmental Funds	
	2013	2012 *	2013	2012 *	2013	2012 *	2013	2012 *
Total assets	$114,204	$123,992	$42,321	$45,302	$120,689	$121,028	$277,214	$290,322
Total liabilities	$ 30,309	$ 43,038	$34,353	$20,469	$ 15,525	$ 16,474	$ 80,187	$ 79,981
Deferred inflows of resources								
Unavailable revenue	6,804	6,704	6,536	6,479	34,371	32,902	47,711	46,085
Fund balances								
Nonspendable	26,421	25,720	-	-	1,441	1,539	27,862	27,259
Restricted	2,196	2,803	1,432	18,354	69,352	70,113	72,980	91,270
Assigned	10,711	6,380	-	-	-	-	10,711	6,380
Unassigned	37,763	39,347	-	-	-	-	37,763	39,347
Total fund balance	77,091	74,250	1,432	18,354	70,793	71,652	149,316	164,256
Total liabilities, deferred inflows and fund balances	$114,204	$123,992	$42,321	$45,302	$120,689	$121,028	$277,214	$290,322

* Certain reclassifications have been made to prior year balances to conform with the current year's presentation.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $149,316 a decrease of $14,940 in comparison with the prior year. Additionally, 19% of the fund balance ($27,862) is *nonspendable*, which comprises the portion of fund balance that cannot be spent due to form. $72,980 or 49% of fund balance is *restricted*, which represents the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors. $10,711 or 7% of fund balance is constrained by the City's intent to utilize fund balance for specific purposes, which is reported within the fund balance classification *assigned*. The remainder of the fund balance is *unassigned*, meaning it is available for spending at the City's discretion. Of that amount, $34,000 has been set aside for future economic contingencies, leaving $3,763; at June 30, 2012 the comparable amount was $6,347. The City's governmental funds reported combined total assets of $274,789 at June 30, 2013, a decrease of $15,533 in comparison with the prior year. Liabilities and deferred inflows of resources amounted to $127,898, an increase of $1,832. This primary reason for the decrease in total assets and related fund balances is due to expenditures related to capital projects in the Capital Outlay Fund.

The General Fund is the principal operating fund of the City. At the end of the current fiscal year, total fund balance equaled $77,091 in comparison to $74,250 in the prior year. The portion of fund balance classified as unassigned was $37,763, most of which was set aside for future economic contingencies.

Fund balance for the Capital Outlay Fund decreased by ($16,922). The primary reason for the decrease is due to capital outlays on projects that are expected to be funded with proceeds from future borrowings.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Electric, Water and Sewer Funds at the end of the year amounted to $241,696, $69,996, and $18,651 respectively. The unrestricted net position for the Electric, Water and Sewer Funds in the prior year was $219,198, $61,859 and $3,343, respectively. The increase in unrestricted net position for the Electric, Water and Sewer Funds is primarily a result of operating activities as described below.

The Electric Fund reported strong operating results, with retail revenues exceeding the previous all-time record, primarily from the effects of an expanded customer base and a 3.7% increase in retail consumption which was partially offset by a reduction in investment income. Retail sales (residential, commercial, industrial, and other sales) represent 83.9% of total revenues. Retail sales, net of reserve/recovery were $300,238 and $288,616 for years ended June 30, 2013 and 2012, respectively. Total expenses, excluding transfers, increased $3.4 million (1.2%), which primarily relates to an increase in purchased power and distribution costs. The Electric Fund also recorded a $41 million loss related to the closure of the San Onofre Nuclear Power Plant, which was reflected as an extraordinary item.

The Water Fund reported strong operating results, with retail sales exceeding the previous year's results. Retail sales (residential, commercial, industrial, and other sales) represent 84% of total revenues. Retail sales, net of reserve/recovery were $61,837 and $59,620 for the years ended June 30, 2013 and 2012, respectively. The increase in sales was primarily due to a 4.1% increase in retail consumption as a result of warmer than normal weather patterns.

Net position of the Sewer Fund increased by $2,173 and $70 for the years ended June 30, 2013 and 2012, respectively. Operating revenues increased by $6,025 or 16% primarily as a result of a rate increase, which was offset by a reduction in investment income and an increase in operating expenses.

General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Total Revenues	$178,620	$194,754	$187,014	($7,740)
Expenditures:				
General Government	10,507	17,596	11,841	5,755
Public Safety	134,710	149,699	145,545	4,154
Highways & Streets	18,952	20,472	16,294	4,178
Culture & Recreation	31,433	35,775	32,450	3,325
Capital Outlay	153	4,481	2,942	1,539
Debt Service	15,050	49,248	48,326	922
Total Expenditures	210,805	277,271	257,398	19,873
Deficiency of Revenue Under Expenditures	(32,185)	(82,517)	(70,384)	12,133
Other Financing Sources	31,221	71,095	73,225	2,130
Net Change in Fund Balances	(964)	(11,422)	2,841	14,263
Beginning Fund Balance	74,250	74,250	74,250	-
Ending Fund Balance	$73,286	$62,828	$77,091	$14,263

Final budgeted revenues increased from the amount originally budgeted as a result of grant related programs and financing associated with capital projects. In addition, final budgeted expenditures increased from the amount originally budgeted as a result of grant related appropriations made during the year.

Actual amounts differed from the final fund budget as follows:

- Approximately $7.8 million of grant revenue was budgeted but not actually received during the year since the related grant expenditures had not been incurred.
- Actual expenditures were less than budgeted amounts by approximately $20 million. This is primarily associated with unspent appropriations for grants, capital projects and other special programs that were not completed during the year (which are carried over to the next fiscal year).

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for governmental and business type activities as of June 30, 2013 amounted to $2,772,842 (net of accumulated depreciation). This investment includes land, intangibles, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's net investment in capital assets for the current fiscal year was $87,240 ($46,809 for governmental activities including internal service funds and $40,431 for business type activities).

Major capital improvements during the current fiscal year included: new infrastructure, consisting primarily of street improvements of $34 million; Sewer system improvements of $45 million; Electric Utility upgrades of $40 million and Water Utility upgrades of $27 million.

Construction in progress totaled $187,900 at June 30, 2013. Some of the major projects in process are various Sewer system improvements including phase 1 of the Water Quality Control Plant, the Convention Center Expansion Project, and the Riverside Transmission Reliability Project (RTRP) and related reliability improvements to the Riverside Public Utility's Sub-Transmission System. Depreciation expense during the fiscal year was $40,276 for governmental activities and $51,384 for business type activities.

City of Riverside's Capital Assets
(net of depreciation)

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$325,215	$322,060	$42,636	$34,924	$367,851	$356,984
Nuclear fuel	-	-	-	8,832	-	8,832
Intangibles	-	-	21,890	16,627	21,890	16,627
Buildings	130,051	123,128	158,428	143,678	288,479	266,806
Improvements other than Buildings	182,249	170,236	1,052,832	1,056,566	1,235,081	1,226,802
Machinery and equipment	19,612	20,064	29,057	26,227	48,669	46,291
Infrastructure	622,972	609,651	-	-	622,972	609,651
Construction in progress	38,515	26,666	149,385	126,943	187,900	153,609
Total	$1,318,614	$1,271,805	$1,454,228	$1,413,797	$2,772,842	$2,685,602

Additional information on the City's capital assets can be found in note 5 on page 44 of this report.

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of $1,583,004 which includes bonded debt of $1,371,617.

City of Riverside's Long-Term Debt

	Governmental Activities		Business Type Activities		Total	
	2013	2012 *	2013	2012 *	2013	2012 *
Revenue Bonds	$ -	$ -	$1,031,839	$1,063,853	$1,031,839	$1,063,853
General Obligation Bonds	15,314	16,107	-	-	15,314	16,107
Pension Obligation Bonds	122,005	127,480	-	-	122,005	127,480
Certificates of Participation	158,697	207,278	-	-	158,697	207,278
Notes Payable	-	-	28,137	29,680	28,137	29,680
Loans Payable	28,652	4,000	42,661	44,141	71,313	48,141
Capital Leases	8,424	5,220	2,558	1,332	10,982	6,552
Lease Revenue Bonds	43,762	-	-	-	43,762	-
Landfill Capping	-	-	6,457	6,695	6,457	6,695
Arbitrage Liability	-	-	269	190	269	190
Compensated Absences	21,761	21,674	7,638	7,497	29,399	29,171
Judgment	10,000	-	-	-	10,000	-
Claims liability	31,569	27,542	-	-	31,569	27,542
Net OPEB Obligation	12,537	10,133	9,780	7,663	22,317	17,796
Water Acquisition Rights	-	-	944	947	944	947
Total	$452,721	$419,434	$1,130,283	$1,161,998	$1,583,004	$1,581,432

* Certain reclassifications have been made to prior year balances to conform with the current year's presentation.

The City's total debt increased by $1,572 or less than 1.0% during the current fiscal year. The net increase primarily resulted from the issuance of new debt, normal scheduled principal maturities, debt refundings, and an increase in claims and judgments payable.
The City's Water Utility maintains "AA+" and "AA" ratings, from Standard & Poors and Fitch, respectively, for their revenue bonds, while the Electric Utility maintains "AA-" ratings from both rating agencies. The City's general obligation bond ratings are "AA-" and "AA", respectively.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total adjusted assessed valuation. The legal debt limit was $615,589 at June 30, 2013, which applies only to general obligation debt. At June 30, 2013, the City had $15,314 of general obligation debt, resulting in available legal debt capacity of $600,275.

Additional information on the City's long-term debt can be found in note 6 beginning on page 45 of this report.

Economic Factors and Next Year's Budget and Rates

- Unemployment in the City of Riverside is 9.7% as compared to 13.7% for the prior year.
- The required employer contribution rates as a percentage of payroll for the City's retirement program will be changing effective July 1, 2013 as follows:
    - Miscellaneous Plan –18.277% to 18.314%.
    - Safety Plan – 25.091% to 26.894%.

At the time of budget preparation for fiscal year 2014, the economic outlook for the City was considered to be stable. The General Fund Budget for fiscal year 2014 of approximately $223 million was adopted as balanced. It represents an increase from the prior year of approximately 1%, largely related to an increase in pension costs.

Request for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 3900 Main Street City of Riverside, CA 92522.

City of Riverside
Statement of Net Position
June 30, 2013
(amounts expressed in thousands)

Assets	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and investments	$ 55,519	$ 286,806	$ 342,325
Receivables, net	108,522	72,084	180,606
Inventory	6,690	1,857	8,547
Prepaid items	1,493	21,042	22,535
Deposits	-	853	853
Derivative instruments	1,026	-	1,026
Internal balances	14,064	(14,064)	-
Restricted assets:			
Cash and cash equivalents	-	52,455	52,455
Cash and investments at fiscal agent	24,789	331,787	356,576
Other	-	1,050	1,050
Advances to Successor Agency	45,997	10,134	56,131
Land and improvements held for resale	4,709	-	4,709
Regulatory assets	-	27,788	27,788
Net pension asset	106,096	22,575	128,671
Land and other capital assets not being depreciated	363,730	213,513	577,243
Capital assets (net of accumulated depreciation)	954,884	1,240,715	2,195,599
Total assets	1,687,519	2,268,595	3,956,114
Deferred Outflows of Resources			
Deferred changes in derivative values	14,364	19,808	34,172
Deferred charge on refunding	5,399	20,645	26,044
Total deferred outflows of resources	19,763	40,453	60,216
Liabilities			
Accounts payable and other current liabilities	33,039	32,096	65,135
Accrued interest payable	3,415	12,402	15,817
Unearned revenue	4,695	2,765	7,460
Deposits	10,861	4,130	14,991
Derivative instruments	19,339	31,613	50,952
Decommissioning liability	-	76,167	76,167
Noncurrent liabilities:			
Due within one year	79,893	76,300	156,193
Due in more than one year	372,828	1,053,983	1,426,811
Total liabilities	524,070	1,289,456	1,813,526
Deferred Inflows of Resources			
Deferred changes in derivative values	1,026	-	1,026
Deferred regulatory charges	-	10,000	10,000
Total deferred inflows of resources	1,026	10,000	11,026
Net Position			
Net investment in capital assets	1,083,485	609,691	1,693,176
Restricted for:			
Expendable:			
Capital projects	3,504	-	3,504
Debt service	-	55,359	55,359
Economic development	14,631	-	14,631
Landfill capping	-	1,185	1,185
Public works	14,986	-	14,986
Housing	46,150	-	46,150
Programs and regulatory requirements	-	12,524	12,524
Nonexpendable	1,441	-	1,441
Unrestricted	17,989	330,833	348,822
Total net position	$ 1,182,186	$ 1,009,592	$ 2,191,778

The notes to the financial statements are an integral part of this statement.

City of Riverside
Statement of Activities
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:								
General government	$ 54,808	$ (12,442)	$ 13,338	$ 6,789	$ 454	$ (21,785)		$ (21,785)
Public safety	147,652	6,296	7,793	10,071	4,110	(131,974)		(131,974)
Highways and streets	35,072	3,480	15,825	840	24,628	2,741		2,741
Culture and recreation	40,077	2,666	5,237	3,785	3,010	(30,711)		(30,711)
Interest on long-term debt	16,627	-	-	-	-	(16,627)		(16,627)
Total governmental activities	294,236	-	42,193	21,485	32,202	(198,356)		(198,356)
Business type activities:								
Electric	292,175		347,933	-	4,980		$ 60,738	60,738
Water	58,768		68,489	-	4,282		14,003	14,003
Sewer	43,945		43,772	-	1,230		1,057	1,057
Refuse	20,581		20,829	-	-		248	248
Airport	2,029		1,396	-	762		129	129
Transportation	3,745		344	2,718	480		(203)	(203)
Public parking	5,051		4,777	-	-		(274)	(274)
Total business type activities	426,294		487,540	2,718	11,734		75,698	75,698
Total	$ 720,530		$ 529,733	$ 24,203	$ 43,936	(198,356)	75,698	(122,658)

	Governmental Activities	Business type Activities	Total
General revenues:			
Taxes:			
Sales	50,222	-	50,222
Property	52,904	-	52,904
Utility users	28,206	-	28,206
Franchise	4,959	-	4,959
Other	3,703	-	3,703
Intergovernmental, unrestricted	337	-	337
Investment income	2,786	4,744	7,530
Miscellaneous	9,208	5,767	14,975
Subtotal	152,325	10,511	162,836
Transfers, net	42,262	(42,262)	-
Total general revenues and transfers	194,587	(31,751)	162,836
Extraordinary item - power plant closure	-	(41,259)	(41,259)
Change in net position	(3,769)	2,688	(1,081)
Net position - beginning, as restated	1,185,955	1,006,904	2,192,859
Net position - ending	$ 1,182,186	$ 1,009,592	$ 2,191,778

The notes to the financial statements are an integral part of this statement.

City of Riverside
Balance Sheet
Governmental Funds
June 30, 2013
(amounts expressed in thousands)

Assets	**General Fund**	**Capital Outlay**	**Other Governmental Funds**	**Total Governmental Funds**
Cash and investments	$ 26,980	$ -	$ 24,330	$ 51,310
Cash and investments at fiscal agent	4,116	5,756	14,917	24,789
Receivables (net of allowance for uncollectibles)				
Interest	49	94	133	276
Property taxes	6,909	-	-	6,909
Sales tax	12,065	-	-	12,065
Utility billed	1,173	-	-	1,173
Accounts	9,965	1,000	2	10,967
Intergovernmental	4,647	35,471	3,812	43,930
Notes	-	-	33,045	33,045
Prepaid items	1,491	-	2	1,493
Due from other funds	21,879	-	-	21,879
Advances to other funds	24,250	-	-	24,250
Advances to Successor Agency	680	-	39,739	40,419
Land & improvements held for resale	-	-	4,709	4,709
Total assets	$ 114,204	$ 42,321	$ 120,689	$ 277,214
Liabilities				
Accounts payable	$ 7,710	$ 8,043	$ 3,163	$ 18,916
Accrued payroll	10,878	-	25	10,903
Retainage payable	114	1,863	33	2,010
Intergovernmental	195	-	-	195
Unearned revenue	313	4,382	-	4,695
Deposits	10,841	-	20	10,861
Due to other funds	-	20,065	246	20,311
Advances from other funds	258	-	12,038	12,296
Total liabilities	30,309	34,353	15,525	80,187
Deferred Inflows of Resources				
Unavailable revenue	6,804	6,536	34,371	47,711
Total deferred inflows of resources	6,804	6,536	34,371	47,711
Fund Balances				
Nonspendable:				
Inventories, prepaids and noncurrent receivables	1,491	-	-	1,491
Advances	24,930	-	-	24,930
Permanent fund principal	-	-	1,441	1,441
Restricted for:				
Housing and redevelopment	-	-	26,410	26,410
Debt service	1,792	-	25,884	27,676
Transportation and public works	-	1,432	15,055	16,487
Other purposes	404	-	2,003	2,407
Assigned to:				
General government	2,300	-	-	2,300
Public safety	868	-	-	868
Highways and streets	1,216	-	-	1,216
Culture and recreation	1,671	-	-	1,671
Continuing projects	4,656	-	-	4,656
Unassigned	37,763	-	-	37,763
Total fund balances	77,091	1,432	70,793	149,316
Total liabilities, deferred inflows of resources, and fund balances	$ 114,204	$ 42,321	$ 120,689	$ 277,214

The notes to the financial statements are an integral part of this statement.

CITY OF RIVERSIDE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2013
(amounts expressed in thousands)

Total fund balances - governmental funds		$149,316
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets net of accumulated depreciation used in governmental activities that are not current financial resources and, therefore, are not reported in the funds		1,315,401
The net pension asset is not an available resource and, therefore, is not reported in the funds.		104,651
Deferred refunding charges are not available resources and, therefore, are not reported in the funds.		5,399
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		47,711
Accrued interest payable for the current portion of interest due on various debt issues has not been reported in the governmental funds.		(3,415)
Long-term liabilities, as listed below, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	$ (178,380)	
Certificates of participation payable	(159,015)	
Capital leases payable	(8,424)	
Loan payable	(28,652)	
Bond premiums	(2,383)	
Net OPEB obligation	(11,957)	
Compensated absences	(21,269)	
Judgment payable	(10,000)	
		(420,080)
The City uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. The following related items have been reflected in the Statement of Net Position.		
Net fair value of interest rate swaps	$ (18,313)	
Deferred amount related to the hedgeable portion of the derivative instrumen	13,338	
		(4,975)
Internal service funds are used by management to charge the costs of insurance, centralized purchasing and fleet management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		(11,822)
Net position of governmental activities		$1,182,186

City of Riverside
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	General Fund	Capital Outlay	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 139,994	$ -	$ -	$ 139,994
Licenses and permits	7,395	-	2,778	10,173
Intergovernmental	8,632	22,076	20,026	50,734
Charges for services	12,062	-	-	12,062
Fines and forfeitures	6,234	-	-	6,234
Special assessments	4,406	370	1,893	6,669
Rental and investment income	2,148	111	1,619	3,878
Miscellaneous	6,143	2,234	6,556	14,933
Total revenues	187,014	24,791	32,872	244,677
Expenditures				
Current:				
General government	11,841	-	3,872	15,713
Public safety	145,545	-	4,745	150,290
Highways and streets	16,294	-	-	16,294
Culture and recreation	32,450	-	164	32,614
Capital outlay	2,942	66,257	17,124	86,323
Debt service:				
Principal	41,451	-	3,555	45,006
Interest	6,781	-	8,335	15,116
Bond issuance costs	94	255	232	581
Payment to escrow account for advance refunding	-	-	3,521	3,521
Total expenditures	257,398	66,512	41,548	365,458
Excess (deficiency) of revenues over (under) expenditures	(70,384)	(41,721)	(8,676)	(120,781)
Other financing sources (uses)				
Transfers in	44,115	-	12,457	56,572
Transfers out	(8,897)	(201)	(5,080)	(14,178)
Issuance of long term debt	30,940	25,000	41,240	97,180
Other financing source - bond premium	-	-	2,573	2,573
Capital lease proceeds	6,985	-	218	7,203
Sales of capital assets	82	-	-	82
Payment to escrow account for advance refunding	-	-	(43,591)	(43,591)
Total other financing sources and uses	73,225	24,799	7,817	105,841
Net change in fund balances	2,841	(16,922)	(859)	(14,940)
Fund balances - beginning	74,250	18,354	71,652	164,256
Fund balances - ending	$ 77,091	$ 1,432	$ 70,793	$ 149,316

The notes to the financial statements are an integral part of this statement.

CITY OF RIVERSIDE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2013
(amounts expressed in thousands)

Net change in fund balances-total governmental funds		($14,940)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, as listed below:		
Capital asset additions	$ 79,698	
Depreciation expense	(39,731)	39,967
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.		6,940
Revenues in the statement of activities that do not meet the "availability" criteria for revenue recognition and therefore are not reported as revenue in the funds.		1,626
The amortization of the net pension asset reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		(4,054)
The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds immediately report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is listed below:		
Principal repayments	$ 45,006	
Debt refunding	47,112	
Judgment	(10,000)	
Other post-employment benefit liabilities	(2,290)	
Compensated absences	(89)	
Interest	(277)	
Premiums on the issuance of long-term debt	(2,573)	
Proceeds from long-term debt	(104,383)	(27,494)
Internal service funds are used by management to charge the costs of insurance, centralized purchasing and fleet management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		(5,814)
Change in net position of governmental activities		$ (3,769)

The notes to the financial statements are an integral part of this statement.

City of Riverside
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
For the year ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 137,263	$ 137,263	$ 139,994	$ 2,731
Licenses and permits	7,456	7,456	7,395	(61)
Intergovernmental	1,220	16,412	8,632	(7,780)
Charges for services	11,749	11,836	12,062	226
Fines and forfeitures	4,955	4,955	6,234	1,279
Special assessments	4,749	4,893	4,406	(487)
Rental and investment income	1,783	1,783	2,148	365
Miscellaneous	9,445	10,156	6,143	(4,013)
Total revenues	178,620	194,754	187,014	(7,740)
Expenditures				
General government:				
Mayor	849	1,068	1,019	49
Council	1,330	1,337	1,231	106
Manager	7,276	7,467	6,959	508
Attorney	3,826	3,996	3,993	3
Clerk	1,157	1,417	1,285	132
Community Development	10,273	10,861	9,570	1,291
Human Resources	2,881	3,309	2,697	612
General Services	8,172	9,269	7,692	1,577
Finance	7,474	7,529	7,375	154
Information System	10,818	14,892	11,686	3,206
Subtotal	54,056	61,145	53,507	7,638
Allocated expenditures	(43,549)	(43,549)	(41,666)	(1,883)
Total general government	10,507	17,596	11,841	5,755

continued

The notes to the financial statements are an integral part of this statement.

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Public safety:				
Police	81,038	92,651	88,643	4,008
Fire	43,524	46,799	46,787	12
Animal regulation	3,366	3,467	3,418	49
Building and zoning inspection	2,271	2,271	2,124	147
Street lighting	4,511	4,511	4,573	(62)
Total public safety	134,710	149,699	145,545	4,154
Highways and streets	18,952	20,472	16,294	4,178
Culture and recreation	31,433	35,775	32,450	3,325
Capital Outlay	153	4,481	2,942	1,539
Debt service:				
Principal	8,006	41,896	41,451	445
Interest	7,044	7,184	6,781	403
Bond issuance costs	-	168	94	74
Total debt service	15,050	49,248	48,326	922
Total expenditures	210,805	277,271	257,398	19,873
Deficiency of revenue under expenditures	(32,185)	(82,517)	(70,384)	12,133
Other financing sources (uses)				
Transfers in	40,891	41,340	44,115	2,775
Transfers out	(9,910)	(10,060)	(8,897)	1,163
Issuance of long term debt	-	32,590	30,940	(1,650)
Capital lease proceeds	-	6,985	6,985	-
Sale of capital assets	240	240	82	(158)
Total other financing sources	31,221	71,095	73,225	2,130
Net change in fund balances	(964)	(11,422)	2,841	14,263
Fund balance, beginning	74,250	74,250	74,250	-
Fund balance, ending	$ 73,286	$ 62,828	$ 77,091	$ 14,263

City of Riverside
Statement of Net Position
Proprietary Funds
June 30, 3013
(amounts expressed in thousands)

Assets	Business-type Activities - Enterprise Funds Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities-Internal Service Funds
Current assets:						
Cash and investments	$ 197,823	$ 73,081	$ 12,197	$ 3,705	$ 286,806	$ 4,209
Receivables (net allowances for uncollectibles)						
Interest	1,089	384	87	25	1,585	47
Utility billed	16,953	4,479	2,456	1,033	24,921	-
Utility unbilled	14,917	3,476	1,597	699	20,689	-
Accounts	6,987	1,507	150	1,897	10,541	50
Intergovernmental	2,098	776	659	815	4,348	60
Other	-	3,330	-	-	3,330	-
Inventory	507	-	1,350	-	1,857	6,690
Prepaid items	21,016	19	7	-	21,042	-
Deposits	853	-	-	-	853	-
Due from other funds	1,765	756	-	-	2,521	-
Restricted assets:						
Cash and cash equivalents:						
Rate stabilization cash and cash equivalents	-	-	6,935	-	6,935	-
Other restricted cash and cash equivalents	25,591	7,708	11,036	1,185	45,520	-
Public benefit programs receivable	922	128	-	-	1,050	-
Total current assets	290,521	95,644	36,474	9,359	431,998	11,056
Non-current assets:						
Restricted assets:						
Cash and investments at fiscal agent	211,072	25,072	95,643	-	331,787	-
Regulatory assets	18,281	1,523	1,079	6,905	27,788	-
Other receivables	-	6,670	-	-	6,670	-
Advances to other funds	-	-	7,581	-	7,581	4,767
Advances to Successor Agency	5,742	-	4,392	-	10,134	5,578
Net pension asset	11,954	5,143	3,290	2,188	22,575	1,445
Capital assets:						
Land	7,683	10,996	2,698	21,259	42,636	-
Intangible assets, non-depreciable	10,651	10,841	-	-	21,492	-
Intangible assets, depreciable	292	353	-	-	645	-
Accumulated depreciation - intangible assets, depreciable	(63)	(184)	-	-	(247)	-
Buildings	22,009	18,192	191,523	35,508	267,232	2,084
Accumulated depreciation - buildings	(5,976)	(4,684)	(93,185)	(4,959)	(108,804)	(294)
Improvements other than buildings	822,335	526,924	99,122	26,886	1,475,267	-
Accumulated depreciation - improvements other than buildings	(246,691)	(152,663)	(15,818)	(7,263)	(422,435)	-
Machinery and equipment	30,786	12,930	10,745	20,065	74,526	9,583
Accumulated depreciation - machinery and equipment	(15,481)	(10,602)	(6,202)	(13,184)	(45,469)	(8,160)
Construction in progress	53,502	10,175	85,093	615	149,385	-
Total non-current assets	926,096	460,686	385,961	88,020	1,860,763	15,003
Total assets	1,216,617	556,330	422,435	97,379	2,292,761	26,059
Deferred Outflows of Resources						
Deferred changes in derivative values	17,371	2,437	-	-	19,808	-
Deferred charge on refunding	11,917	8,728	-	-	20,645	-
Total deferred outflows of resources	29,288	11,165	-	-	40,453	-

Continued

City of Riverside
Statement of Net Position
Proprietary Funds
June 30, 3013
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					
Liabilities	**Electric**	**Water**	**Sewer**	**Other Enterprise Funds**	**Total Enterprise Funds**	**Governmental Activities-Internal Service Funds**
Current liabilities:						
Accounts payable	15,917	2,298	8,798	1,354	28,367	925
Accrued payroll	1,122	385	297	176	1,980	90
Retainage payable	190	28	1,531	-	1,749	-
Unearned revenue	-	-	-	2,765	2,765	-
Deposits	3,371	758	-	1	4,130	-
Due to other funds	-	-	-	1,303	1,303	2,786
Capital leases - current	637	-	-	7	644	-
Water stock acquisitions - current	-	150	-	-	150	-
Notes payable - current	35,248	-	718	871	36,837	-
Landfill capping - current	-	-	-	200	200	-
Claims and judgments - current	-	-	-	-	-	19,337
Compensated absences - current	3,598	1,281	1,017	493	6,389	249
Current liabilities payable from restricted assets:						
Revenue bonds	20,685	4,360	7,035	-	32,080	-
Accrued interest	5,970	1,845	4,587	-	12,402	-
Total current liabilities	86,738	11,105	23,983	7,170	128,996	23,387
Non-current liabilities:						
Revenue bonds	562,934	207,643	229,182	-	999,759	-
Notes payable	7,413	-	4,456	22,092	33,961	-
Capital leases	1,913	-	-	1	1,914	-
Advances from other funds	11,781	5,069	3,243	2,770	22,863	1,439
Decommissioning liability	76,167	-	-	-	76,167	-
Derivative instruments	23,729	7,884	-	-	31,613	-
Claims and judgments	-	-	-	-	-	12,232
Water stock acquisitions	-	794	-	-	794	-
Landfill capping	-	-	-	6,257	6,257	-
Compensated absences	761	198	105	185	1,249	243
Other postemployment benefits	4,928	2,103	1,476	1,273	9,780	580
Other payables	269	-	-	-	269	-
Total non-current liabilities	689,895	223,691	238,462	32,578	1,184,626	14,494
Total liabilities	776,633	234,796	262,445	39,748	1,313,622	37,881
Deferred Inflows of Resources						
Deferred regulatory charges	-	10,000	-	-	10,000	-
Total deferred inflows of resources	-	10,000	-	-	10,000	-
Net Position						
Net investment in capital assets	201,765	244,937	107,033	55,956	609,691	3,213
Restricted for debt service	16,354	5,479	33,526	-	55,359	-
Restricted for landfill capping	-	-	-	1,185	1,185	-
Restricted for programs and regulatory requirements	9,457	2,287	780	-	12,524	-
Unrestricted	241,696	69,996	18,651	490	330,833	(15,035)
Total net position	$ 469,272	$ 322,699	$ 159,990	$ 57,631	$ 1,009,592	$ (11,822)

The notes to the financial statements are an integral part of this statement.

City of Riverside
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds					
	Electric	**Water**	**Sewer**	**Other Enterprise Funds**	**Total Enterprise Funds**	**Governmental Activities-Internal Service Funds**
Operating revenues:						
Charges for services	$ 347,933	$ 68,489	$ 43,772	$ 27,346	$ 487,540	$ 21,239
Operating expenses:						
Personnel services	38,261	11,871	10,322	8,357	68,811	3,866
Contractual services	6,630	2,507	1,634	5,404	16,175	121
Maintenance and operation	177,461	8,771	7,375	6,942	200,549	2,405
General	11,055	12,617	6,806	4,345	34,823	1,963
Materials and supplies	941	795	3,400	1,321	6,457	211
Claims/Insurance	1,476	632	462	363	2,933	17,907
Depreciation and amortization	28,728	12,698	6,788	3,576	51,790	545
Total operating expenses	264,552	49,891	36,787	30,308	381,538	27,018
Operating income (loss)	83,381	18,598	6,985	(2,962)	106,002	(5,779)
Non-operating revenues (expenses):						
Operating grants	-	-	-	2,718	2,718	-
Interest income	3,060	503	1,172	9	4,744	249
Other	3,487	609	(56)	949	4,989	(14)
Gain (loss) on retirement of capital assets	584	191	(295)	(52)	428	4
Capital improvement fees	-	-	1,065	-	1,065	-
Interest expense and fiscal charges	(27,623)	(8,877)	(6,863)	(1,043)	(44,406)	(142)
Total non-operating revenues (expenses)	(20,492)	(7,574)	(4,977)	2,581	(30,462)	97
Income before capital contributions and transfers	62,889	11,024	2,008	(381)	75,540	(5,682)
Cash capital contributions	3,557	4,097	165	1,242	9,061	-
Noncash capital contributions	1,423	185	-	-	1,608	-
Transfers in	33	33	-	2,277	2,343	-
Transfers out	(37,186)	(6,579)	-	(840)	(44,605)	(132)
Extraordinary item - power plant closure	(41,259)	-	-	-	(41,259)	-
Change in net position	(10,543)	8,760	2,173	2,298	2,688	(5,814)
Total net position - beginning	479,815	313,939	157,817	55,333	1,006,904	(6,008)
Total net position - ending	$ 469,272	$ 322,699	$ 159,990	$ 57,631	$ 1,009,592	$ (11,822)

The notes to the financial statements are an integral part of this statement.

City of Riverside
Proprietary Funds
Statement of Cash Flows
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Cash flows from operating activities:						
Cash received from customers and users	$ 341,417	$ 67,918	$ 44,179	$ 26,014	$ 479,528	$ 21,410
Cash paid to employees for services	(37,180)	(11,369)	(8,337)	(8,043)	(64,929)	(4,159)
Cash paid to other suppliers of goods or services	(205,555)	(26,742)	(13,990)	(22,191)	(268,478)	(18,322)
Payments related to extraordinary item	(3,707)	-	-	-	(3,707)	-
Other receipts	3,520	642	110	4,147	8,419	(14)
Net cash provided (used) by operating activities	98,495	30,449	21,962	(73)	150,833	(1,085)
Cash flows from noncapital financing activities:						
Transfers out	(37,186)	(6,579)	-	2,277	(41,488)	-
Intra-equity property acquisition	-	220	-	-	220	-
Advances from interfund receivables	-	-	-	441	441	(4)
Payments on interfund receivables	(437)	(187)	223	(4)	(405)	(132)
Advances to other funds	512	-	(61)	-	451	638
Net cash (used) provided by noncapital financing activities	(37,111)	(6,546)	162	1,874	(41,621)	502
Cash flows from capital and related financing activities:						
Purchase of capital assets	(35,498)	(24,934)	(51,905)	(10,619)	(122,956)	(446)
Proceeds from the sale of capital assets	646	270	-	3	919	4
Principal paid on long-term obligations	(19,942)	(5,207)	(6,806)	(859)	(32,814)	-
Interest paid on long-term obligations	(28,812)	(8,926)	(6,796)	(1,027)	(45,561)	(142)
Capital improvement fees	-	-	1,065	-	1,065	-
Capital contributions	4,193	6,561	-	762	11,516	-
Net cash (used) for capital and related financing activities	(79,413)	(32,236)	(64,442)	(11,740)	(187,831)	(584)
Cash flows from investing activities:						
Purchase (sales) of investments	(1,549)	535	-	-	(1,014)	-
Income (Loss) from investments	2,691	399	1,183	(4)	4,269	182
Net cash provided (used) by investing activities	1,142	934	1,183	(4)	3,255	182
Net change in cash and cash equivalents	(16,887)	(7,399)	(41,135)	(9,943)	(75,364)	(985)
Cash and cash equivalents, beginning (including $164,431 for Electric, $49,333 for Water, $143,049 for Sewer and $8,892 for Other Enterprise Funds in restricted accounts.)	351,972	113,260	166,946	14,833	647,011	5,194
Cash and cash equivalents, ending (including $137,262 for Electric, $32,780 for Water, $113,614 for Sewer and $1,185 for Other Enterprise Funds in restricted accounts.)	$ 335,085	$ 105,861	$ 125,811	$ 4,890	$ 571,647	$ 4,209

continued

City of Riverside
Proprietary Funds
Statement of Cash Flows
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

continued

	Electric	Water	Sewer	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	$ 83,381	$ 18,598	$ 6,985	$ (2,962)	$ 106,002	$ (5,779)
Other receipts (disbursements)	3,520	642	110	4,323	8,595	(14)
Payments related to extraordinary item	(3,707)	-	-	-	(3,707)	-
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	28,728	12,698	6,788	3,576	51,790	545
Amortization of net pension asset	426	184	118	79	807	45
Other regulatory assets	(1,487)	-	-	-	(1,487)	-
(Increase) in utility billed receivables	(49)	(218)	-	-	(267)	-
(Increase) in utility unbilled receivables	(1,778)	(53)	-	-	(1,831)	-
(Increase) decrease in accounts receivable	674	(18)	407	(1,390)	(327)	171
(Increase) in intergovernmental receivables	(1,623)	(323)	-	(118)	(2,064)	-
Decrease in due from other funds	512	220	-	-	732	-
(Increase) decrease in prepaid items	(4,509)	4	(5)	-	(4,510)	-
(Increase) decrease in inventory	(507)	-	(16)	-	(523)	97
(Increase) in regulatory assets	(11,779)	-	-	-	(11,779)	-
Increase (decrease) in accounts payable	2,862	(1,033)	5,708	(3,578)	3,959	176
Increase (decrease) in accrued payroll	(44)	5	1,526	(564)	923	(463)
Increase (decrease) in retainage payable	(97)	(291)	-	-	(388)	-
Increase (decrease) in other payables	(709)	-	341	799	431	578
Increase in deposits	223	34	-	-	257	-
(Decrease) in due to other funds	-	-	-	-	-	(467)
Increase in claims and judgments	-	-	-	-	-	4,026
Increase in decommissioning liability	4,458	-	-	-	4,458	-
(Decrease) in landfill capping	-	-	-	(238)	(238)	-
Net cash provided (used) by operating activities	$ 98,495	$ 30,449	$ 21,962	$ (73)	$ 150,833	$ (1,085)
Schedule of noncash investing, capital and financing activities:						
Capital contributions - capital assets	$ 1,423	$ 185	$ -	$ -	$ 1,608	$ -
Borrowing under capital lease	1,659	-	-	-	1,659	-
(Decrease) in fair value of investments	(2,947)	-	-	-	(2,947)	-
Loss on power plant closure	(37,552)	-	-	-	(37,552)	-

The notes to the financial statements are an integral part of this statement.

City of Riverside
Statement of Net Position/(Deficit)
Fiduciary Funds
June 30, 2013
(amounts expressed in thousands)

	Successor Agency Private-Purpose Trust Fund	Agency Fund
Assets		
Cash and investments	$ 25,999	$ 6,688
Cash and investments at fiscal agent	29,700	6,778
Receivables:		
Interest	93	33
Accounts	202	24
Notes	22,467	-
Capital lease receivable	21,575	-
Deposits	2	-
Property tax receivables	-	124
Land & improvements held for resale	15,035	-
Capital assets:		
Land	185	-
Equipment	6	-
Accumulated depreciation - equipment	(6)	-
Total assets	115,258	13,647
Liabilities		
Accounts payable	1,477	-
Retainage payable	1,307	-
Accrued interest	5,052	-
Advances from City of Riverside	56,131	-
Bonds payable	256,222	-
Notes payable	6,257	-
Held for bond holders	-	13,647
Total liabilities	326,446	13,647
Deferred Inflows of Resources		
Deferred charge on refunding	318	-
Total deferred inflows of resources	318	-
Net Position/(Deficit)		
Held by Successor Agency	(211,506)	-
Total net position/(deficit)	$ (211,506)	$ -

The notes to the financial statements are an integral part of this statement

City of Riverside
Statement of Changes in Net Position/(Deficit)
Fiduciary Fund - Private-Purpose Trust Fund
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Successor Agency Private-Purpose Trust Fund
Additions	
Property tax revenue	$ 28,227
Rental and investment income	2,683
Miscellaneous	404
Total additions	31,314
Deductions	
Professional services and other deductions	2,785
Funds remitted to the county	18,641
Redevelopment projects	7,315
Interest expense	14,321
Total deductions	43,062
Change in Net Position/(Deficit)	(11,748)
Net position/(deficit) - beginning, as restated	(199,758)
Net position/(deficit) - ending	$ (211,506)

The notes to the financial statements are an integral part of this statement

1. Summary of Significant Accounting Policies

The City of Riverside (City) was incorporated on October 11, 1883 as a Charter City and operates under a Council-Manager form of Government. The more significant accounting policies reflected in the financial statements are summarized as follows:

A. Reporting Entity

These financial statements present the City and its component units, entities for which the City is financially accountable. Blended component units are legally separate entities, but in substance are part of the City's operations and their data is combined with that of the City's. The City has no component units that meet the criteria for discrete presentation. All of the City's component units have a June 30 year end.

Blended Component Units

Riverside Housing Authority (Housing Authority) was established in 2006 by the City. The Housing Authority's primary purpose is to provide safe and sanitary housing accommodations for persons with low or moderate income. The Housing Authority's activity has been combined with that of the primary government because City Council members serve as the Housing Authority's commissioners and because the City is financially accountable and operationally responsible for all matters.

Riverside Public Financing Authority (Public Financing Authority) was organized in December 1987 by the City and the Redevelopment Agency. Pursuant to Assembly Bill 1X 26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies were dissolved effective February 1, 2012. Subsequently, the City became the Successor Agency to the Redevelopment Agency. The Parking Authority of the City of Riverside was added as an additional member of the Public Financing Authority on August 14, 2012. The Public Financing Authority's activity has been combined with that of the primary government because City Council members serve as the Public Financing Authority's board members and because the Public Financing Authority exclusively provides financing assistance to the primary government. The City is also financially accountable and operationally responsible for all matters.

Riverside Municipal Improvements Corporation (Municipal Improvements Corporation) was created in 1978 and operates under provisions of the Nonprofit Public Benefit Corporation Law of the State of California. The Municipal Improvements Corporation's primary purpose is to provide financing assistance by obtaining land, property and equipment on behalf of the City. The activity of the Municipal Improvements Corporation has been combined with that of the primary government because three members of the City Council serve as the Municipal Improvements Corporation's directors and because the Municipal Improvements Corporation exists to serve exclusively the primary government. The City is financially accountable and operationally responsible for all matters.

Fiduciary Component Unit

Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) is a separate legal entity, which was formed to hold the assets and liabilities of the former Redevelopment Agency pursuant to City Council actions taken on March 15, 2011 and January 10, 2012. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Riverside as Successor Agency of the former Redevelopment Agency. The nature and significance of the relationship between the City and the Successor Agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is presented herein in the City's fiduciary funds as a private-purpose trust fund

Complete financial statements are prepared for the Riverside Public Financing Authority and the Successor Agency to the Redevelopment Agency of the City of Riverside, which can be obtained from the City's Finance Department, 3900 Main Street, Riverside, California, 92522 or online at www.riversideca.gov.

B. Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the City and its component units. Interfund activity has been removed from these statements except for utility charges, as this would distort the presentation of function costs and program revenues. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Indirect expenses are allocated to the various functions based on a proportionate utilization of the services rendered. Such allocations consist of charges for accounting, human resources, information technology and other similar support services.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, proprietary and private-purpose trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds report only assets and liabilities and therefore have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied on the property. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. An allowance for doubtful accounts is maintained for the utility and other miscellaneous receivables.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be available if they are generally collected within 60 days after year end, except for revenue associated neglected property abatement which is eleven (11) months and except for grant revenue, including reimbursement received from Transportation Uniform Mitigation Fees, which is six (6) months and sales tax revenue which is seven (7) months, as described below. Grant revenue is recognized if received within six (6) months of year end to enable the matching of revenue with applicable expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In 2004, the State temporarily began to exchange 25% of sales taxes for an equal amount of property taxes to securitize a short-term State bond issue. The State bond issue will remain outstanding for an uncertain number of years, but the bonds are currently estimated to retire in 2016. These in-lieu sales taxes will be paid to the City by the State on a different calendar than sales taxes, which are paid monthly, three months in arrears. The vast majority of the in-lieu amount will be paid during the applicable fiscal year; however, the final payment of the in-lieu sales taxes will not be paid until the January following the end of the applicable fiscal year. Since 2004, the final "true-up" payment has been reported in the fiscal year that the revenue was earned and thus provides consistency in the reporting of sales tax revenue.

Property taxes, special assessments, sales taxes, franchise taxes, licenses, charges for services, amounts due from other governments and interest associated with the current fiscal period are all considered to be susceptible to accrual. Other revenue items such as fines and permits are considered to be measurable and available only when the government receives cash, and are therefore not susceptible to accrual.

The government reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Outlay fund accounts for the construction and installation of street and highway capital improvements for the City, including improvements funded by the ½ % sales tax approved by Riverside County in 1988.

The government reports the following major proprietary funds:

The Electric fund accounts for the activities of the City's electric distribution operations.

The Water fund accounts for the activities of the City's water distribution operations.

The Sewer fund accounts for the activities of the City's sewer systems.

Additionally, the government reports the following fund types:

Internal service funds account for self-insurance, central stores and central garage on a cost reimbursement basis.

Fiduciary funds include private-purpose trust and agency funds. The private-purpose trust fund accounts for assets and activities of the dissolved Redevelopment Agency, which is accounted for in the Successor Agency Trust. The agency fund is used to account for special assessments that service no-commitment debt.

The permanent fund is a governmental fund that is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's Library programs. Non-expendable net position on the Statement of Net Position includes $1 million of permanent fund principal which are considered nonexpendable.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The sewer fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Investments

The City values its cash and investments in accordance with the provisions of Government Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools (GASB 31)," which requires governmental entities, including governmental external investment pools, to report certain investments at fair value in the statement of net position/balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. Fair value is determined using published market prices.

Cash accounts of all funds are pooled for investment purposes to enhance safety and liquidity while maximizing interest earnings. Investments are stated at fair value. All highly liquid investments (including restricted assets) with a maturity of 90 days or less when purchased are considered cash equivalents. Cash and investments held on behalf of proprietary funds by the City Treasurer are considered highly liquid and are classified as cash equivalents for the purpose of presentation in the Statement of Cash Flows.

E. Restricted Cash and Investments

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Restricted cash and investments also include cash set aside for nuclear decommissioning, public benefit programs, regulatory requirements and rate stabilization because their use is legally restricted to a specific purpose. Unspent proceeds received from the City's landfill capping surcharge are also recorded as restricted assets.

F. Land and Improvements Held for Resale

Land and improvements held for resale were generally acquired for future development projects. The properties are carried at the lower of cost or net realizable value.

G. Inventory

Supplies are valued at cost using the average-cost method. Costs are charged to user departments when consumed rather than when purchased.

H. Prepaid Items

Payments to vendors for services benefiting future periods are recorded as prepaid items and expenditures are recognized when items are consumed.

For the year ended June 30, 2013 (amounts expressed in thousands)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, right of way, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than five thousand dollars and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs include: labor; materials; interest during construction; allocated indirect charges such as engineering, construction and transportation equipment, retirement plan contributions and other fringe benefits. Donated capital assets are recorded at estimated fair market value at the date of donation. Intangible assets that cost more than one hundred thousand dollars with useful lives of at least three years are capitalized and are recorded at cost. Donated intangible assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed for proprietary funds. For the year ended June 30, 2013, business-type activities capitalized net interest costs of $5,780 in the government-wide and fund financial statements. Total interest expense incurred by the business-type activities (and the enterprise funds on the proprietary funds statements) before capitalization was $50,170.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets other than land are depreciated using the straight-line method. Estimated useful lives used to compute depreciation are as follows:

Buildings and Improvements	30-50 years
Improvements other than Buildings	20-99 years
Intangibles - Depreciating	3-5 years
Machinery and Equipment	3-15 years
Infrastructure	20-100 years

J. Compensated Absences

City employees receive 10 to 25 vacation days a year based upon length of service. A maximum of two years' vacation accrual may be accumulated and unused vacation is paid in cash upon separation.

City employees generally receive one day of sick leave for each month of employment with unlimited accumulation. Upon retirement or death, certain employees or their estates receive a percentage of unused sick leave paid in a lump sum based on longevity. The General, Housing and Community Development Special Revenue, Electric and Water funds have been primarily used to liquidate such balances.

The liability associated with these benefits is reported in the government-wide statements. Vacation and sick leave of proprietary funds is recorded as an expense and as a liability of those funds as the benefits accrue to employees.

K. Derivative Instruments

The City's derivative instruments are accounted for in accordance with Government Accounting Standards Board (GASB) Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" (GASB 53), which requires the City to report its derivative instruments at fair value. Changes in fair value for effective hedges that are achieved with derivative instruments are reported as deferrals in the statements of net position.

The City uses derivative instruments to hedge its exposure to changing interest rates through the use of interest rate swaps. The City had debt that was layered with "synthetic fixed rate" swaps, which was refunded in 2008 and 2011. At the time of the refunding, hedge accounting ceased to be applied. The balance of the deferral account for each swap is included as part of the deferred charge on refunding associated with the new bonds. The swaps were also employed as a hedge against the new debt. Hedge accounting was applied to that portion of the hedging relationship, which was determined to be effective. The negative fair value of the interest rate swaps related to the new hedging relationship has been recorded and deferred on the statement of net position. In 2012, the City also entered into an additional interest rate swap agreement, which has a positive fair value and is recorded and deferred on the statement of net position. See Note 10 for further discussion related to the City's interest rate swaps.

Various transactions permitted in the Utility's Power Resources Risk Management Policies may be considered derivatives, including energy and/or gas transactions for swaps, options, forward arrangements and congestion revenue rights. The City has determined that all of its contracts including congestion revenue rights fall under the scope of "normal purchases and normal sales" and are exempt from GASB 53.

L. Long-Term Obligations

Long-Term Debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, government fund types recognize bond issuance costs as expenditures during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Decommissioning

Federal regulations require the Electric Utility to provide for the future decommissioning of its ownership share of the nuclear units at San Onofre. The Electric Utility has established trust accounts to accumulate resources for the decommissioning of the nuclear power plant and restoration of the beachfront at San Onofre. Based on the most recent site specific cost estimate as of July 2013, prepared by ABZ Incorporated, the Electric Utility has fully funded the SONGS nuclear decommissioning liability. With the recent retirement of SONGS units 2 and 3, there is much uncertainty as to future unknown costs to decommission SONGS. Although management believes the current cost estimate is the upper bound of decommissioning obligations, the Electric Utility has conservatively decided to continue to set aside $1,600 per year in an internally restricted cash reserve for unexpected costs not contemplated in the current estimates.

Increases to the funds held for the decommission liability are from amounts set aside and investment earnings. The investment earnings are included in investment income. These earnings, as well as amounts set aside, are reflected as decommissioning expense which is considered part of power supply costs. To date, the Electric Utility has set aside $76,035 in cash investments with the trustee and $132 in an internally restricted decommissioning reserve as the Electric Utility's estimated share of the decommissioning cost of San Onofre, and these amounts are reflected as restricted assets and unrestricted cash and cash equivalents, respectively, on the Statements of Net Position. The Electric Utility's decommissioning liability is equivalent to the total funds accumulated and is reflected as a non-current liability. The plant site easement at San Onofre terminates May 2024. The plant must be decommissioned and the site restored by the time the easement terminates.

M. Claims and Judgments Payable

Claims and judgments payable are recognized when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Such claims, including an estimate for claims incurred but not reported at year end, are recorded as liabilities in the self-insurance internal service trust fund. As of June 30, 2013, the City had incurred a $10 million liability related to a judgment, which is reflected as a liability on the government-wide statements and is more fully described in Note 8.

N. Fund Equity

In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance is the portion of fund balance that cannot be spent due to form. Examples include inventories, prepaid amounts, long-term loans, notes receivable, and property held for resale, unless the proceeds are restricted, committed or assigned. Also, amounts that must be maintained intact legally or contractually, such as the principal of a permanent fund are reported within the nonspendable category.
- Restricted fund balance is the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.
- Committed fund balance is the portion of fund balance that can only be used for specific purposes due to formal action of the City Council through adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. No amounts have been reported within this category of fund balance.
- Assigned fund balance reflects the City's intended use of resources. Intent can be expressed by the City Council or by an official to which the City Council delegates the authority. On February 22, 2011, the City Council approved a policy whereby the authority to assign fund balance was delegated to the City's chief financial officer.

- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the City's policy is to use restricted amounts before unrestricted amounts. Within unrestricted resources, committed resources are used first followed by assigned resources, and finally unassigned resources.

O. Net Position

Net position represents the difference between assets and deferred outflows less liabilities and deferred inflows. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the related acquisition, construction or improvement of those assets excluding unspent debt proceeds. A portion of net position is reported as restricted when there are limitations imposed on their use either through legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

P. Interfund Transactions

Interfund transactions are accounted for as revenues and expenditures or expenses. Transactions, which constitute reimbursements, are eliminated in the reimbursed fund and accounted for as expenditures or expenses in the fund to which the transaction is applicable.

During the year, transactions occur between individual funds for goods provided or services rendered. Related receivables and payables are classified as "due from/to other funds" on the accompanying fund level statements. The noncurrent portion of long-term interfund loans receivable are reported as advances and, for governmental fund types, are equally offset by a fund balance reserve to indicate that the receivable does not constitute available expendable financial resources.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Q. Unearned Revenue

Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to meeting all eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

R. Unavailable Revenue

Unavailable revenue arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

S. Deferred outflows and deferred inflows of resources

When applicable, the statement of net position and the balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore will not be recognized as an expense or expenditure until that time.

When applicable, the statement of net position and the balance sheet will report a separate section for deferred inflows of resources. Deferred inflows of resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are *not* recognized as an inflow of resources (revenue) until that time.

T. Regulatory Assets and Deferred Regulatory Charges

In accordance with GASB Statement No. 62, enterprise funds that are used to account for rate-regulated activities are permitted to defer certain expenses and revenues that would otherwise be recognized when incurred, provided that the City is recovering or expects to recover or refund such amounts in rates charged to its customers. Accordingly, regulatory assets and/or deferred regulatory charges have been recorded in the Electric, Water, Sewer and Refuse funds.

U. Property Tax Calendar

Under California law, general property taxes are assessed for up to 1% of the property's assessed value. General property taxes are collected by the counties along with other special district taxes and assessments and voter approved debt. General property tax revenues are collected and pooled by the county throughout the fiscal year and then allocated and paid to the county, cities and school districts based on complex formulas prescribed by State statutes.

For the year ended June 30, 2013 (amounts expressed in thousands)

Property taxes are calculated on assessed values as of January 1 for the ensuing fiscal year. On July 1 of the fiscal year the levy is placed and a lien is attached to the property. Property taxes are due in two installments. The first installment is due November 1 and is delinquent on December 10. The second installment is due February 1 and is delinquent on April 10. The City generally accrues only those taxes, which are received within sixty days after the year-end. In the current year, the City initiated the process to participate in the Teeter plan under the California Revenue and Taxation Code, which provided for a one-time catch up payment for all outstanding delinquent property taxes. The catch-up payment is approximately $2 million, which is expected to be received in October 2013. Due to the unusual circumstances associated with the conversion to the Teeter plan, the availability period has been extended to include the revenue associated with the one-time catch up payment for delinquent property taxes. Under the Teeter plan, the County of Riverside has responsibility for the collection of delinquent taxes and the City receives 100% of the levy.

V. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures. Specifically, the City has made certain estimates and assumptions relating to the revenues due and expenditures incurred through fiscal year end, collectability of its receivables, the valuation of property held for resale, the useful lives of capital assets, and the ultimate outcome of claims and judgments. Actual results may differ from those estimates and assumptions.

2. Legal Compliance - Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue and capital project funds. Formal budgets are not employed for debt service funds because debt indenture provisions specify payments. The permanent fund is not budgeted.

During the period December through February of each fiscal year, department heads prepare estimates of required appropriations for the following fiscal year. These estimates are compiled into a proposed operating budget that includes a summary of proposed expenditures and financial resources and historical data for the preceding fiscal year. The operating budget is presented by the City Manager to the City Council for review. Public hearings are conducted to obtain citizen comments. The City Council generally adopts the budget during one of its June meetings. The City Manager is legally authorized to transfer budgeted amounts between divisions and accounts within the same department. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations at the departmental level within a fund. All appropriations shall lapse at the end of the fiscal year to the extent they have not been expended or lawfully encumbered, except for appropriations for capital projects which shall continue to their completion.

3. Cash and Investments

Cash and investments at fiscal year-end consist of the following:

Investments	$ 426,049
Investments at fiscal agent	382,598
	808,647
Cash on hand and deposits with financial institutions	466
Non-negotiable certificates of deposit	11,408
	$ 820,521

The amounts are reflected in the statements of net position of the government-wide and fiduciary fund financial statements:

Cash and investments	$ 342,325
Restricted cash and cash equivalents	52,455
Restricted cash and investments at fiscal agent	356,576
Total per statement of net position	751,356
Fiduciary fund cash and investments	69,165
	$ 820,521

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures, which are administered by outside agencies.

Interest income earned on pooled cash and investments is allocated monthly to funds based on the beginning and month-end balances. Interest income from cash and investments held at fiscal agents is credited directly to the related account. Bank deposits are covered by federal depository insurance for the first $250 or by collateral held in the pledging bank's trust department in the name of the City.

For the year ended June 30, 2013 (amounts expressed in thousands)

Authorized Investments

Under provisions of the City's investment policy, and in accordance with California Government Code Section 53601, the City Treasurer may invest or deposit in the following types of investments:

	Max Maturity	Max % of Portfolio
Money Market Funds	N/A	20%
Securities of the U.S. Government and its sponsored agencies	5 Years	N/A
Corporate Medium-Term Notes	5 Years	30%
Local Agency Investment Fund (State Pool)	N/A	100%
Negotiable Certificates of Deposit	5 Years	30%
Repurchase Agreements	1 Year	N/A
Reverse Repurchase Agreements	90 Days	20%
Bankers Acceptances	180 Days	40%
Commercial Paper of "prime" quality	270 Days	25%
Local Agency Bonds	N/A	N/A

Investments in Corporate Medium Term Notes may be invested in securities rated A or better by Moody's or Standard and Poor's rating services and no more than 15% of the market value of the portfolio may be invested in one corporation.

The City's investment policy provides two exceptions to the above; one is for investments authorized by debt agreements (described below) and the other for funds reserved in the San Onofre Nuclear Generating Station Decommissioning Account for which the five-year maturity limitation may be extended to the term of the operating license.

Investments Authorized by Debt Agreements

Provisions of debt agreements, rather than the general provisions of the California Government Code or the City's investment policy, govern investments of debt proceeds held by bond fiscal agents. Permitted investments are specified in related trust agreements and include the following:

- Securities of the U.S. Government and its sponsored agencies
- Bankers' Acceptances rated in the single highest classification
- Commercial Paper rated AA or higher at the time of purchase
- Investments in money market funds rated in the single highest classification, except for certain debt proceeds which have no minimum rating requirement
- Municipal obligations rated Aaa/AAA or general obligations of states with ratings of at least A2/A or higher by both Moody's and S&P
- Investment Agreements

No maximum percentage of the related debt issue or maximum investment in one issuer is specified.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy requires that the interest rate risk exposure be managed by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

		Remaining Maturity (in Months)			
Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Money Market Funds	$ 60,975	$ 60,975	$ -	$ -	$ -
Federal Agency Securities	193,763	33,354	18,399	142,010	-
Corp. Medium Term Notes	60,487	10,391	18,005	32,091	-
State Investment Pool	99,255	99,255	-	-	-
Negotiable CDs	11,569	5,150	3,725	2,694	-
Held by Fiscal Agent					
Money Market Funds	17,213	17,213	-	-	-
State Investment Pool	23,779	23,779	-	-	-
Investment Contracts	155,578	119,211	24,173	1,433	10,761
Commercial Paper	103,246	103,246	-	-	-
Fed. Agency Securities	62,199	1,787	-	60,412	-
Corp. Med. Term Notes	20,583	-	-	20,583	-
Total	$808,647	$474,361	$64,302	$259,223	$10,761

The City assumes that callable investments will not be called.

For the year ended June 30, 2013 (amounts expressed in thousands)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the actual rating as of year-end for each investment type:

		Ratings as of Year End			
Investment Type	Total	AAA	AA	A	Unrated
Money Market Funds	$ 60,975	$ 2,587	$ 1,283	$ 57,105	$ -
Federal Agency Securities	193,763	193,763	-	-	-
Corporate Medium Term Notes	60,487	-	49,933	10,554	-
State Investment Pool	99,255	-	-	-	99,255
Negotiable CDs	11,569	-	-	-	11,569
Held by Fiscal Agent					
Money Market Funds	17,213	11,719	-	-	5,494
State Investment Pool	23,780	-	-	-	23,780
Investment Contracts	155,578	-	-	-	155,578
Commercial Paper	103,246	-	103,246	-	-
Federal Agency Securities	62,198	62,198	-	-	-
Corporate Medium Term Notes	20,583	-	10,444	10,139	-
Total	$808,647	$270,267	$164,906	$77,798	$295,676

Concentration on Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stated above. Investments in any one issuer (other than U.S. Treasury securities, money market funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
US Bank	Commercial Paper	$103,246
Deutsche Bank Securities Inc.	Investment Contract	$111,671

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy requires that a third party bank trust department hold all securities owned by the City. All trades are settled on a delivery vs. payment basis through the City's safekeeping agent. The City has no deposits with financial institutions; bank balances are swept daily into a money market account.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

4. Capital Lease Receivable

The former Redevelopment Agency had a direct financing lease arrangement with the State of California (the State) for a twelve-story office building, which was transferred to the Successor Agency. The lease term is for thirty years and the State takes ownership of the facility at the conclusion of that term. The lease calls for semi-annual payments not less than the debt service owed on the related lease revenue bonds issued by the former Redevelopment Agency for the purchase and renovation of the building. The future minimum lease payments to be received are as follows:

2014	$ 2,473
2015	2,507
2016	2,533
2017	2,561
2018	2,598
Thereafter	19,068
Total Due	31,740
Less: amount applicable to interest	(10,165)
Total capital lease receivable	$21,575

For the year ended June 30, 2013 (amounts expressed in thousands)

5. Capital Assets

The following is a summary of changes in the capital assets during the fiscal year ended June 30, 2013.

Governmental activities:	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not depreciated:				
Land	$ 322,060	$ 3,460	$ (305)	$ 325,215
Construction in progress	26,666	46,524	(34,675)	38,515
Total capital assets not depreciated	348,726	49,984	(34,980)	363,730
Capital assets being depreciated:				
Buildings	169,099	11,238	-	180,337
Improvements other than buildings	227,551	22,508	(38)	250,021
Machinery and equipment	78,878	4,328	(3,424)	79,782
Infrastructure	876,512	34,188	-	910,700
Total capital assets being depreciated	1,352,040	72,262	(3,462)	1,420,840
Less accumulated depreciation for:				
Buildings	(45,971)	(4,315)	-	(50,286)
Improvements other than buildings	(57,315)	(10,495)	38	(67,772)
Machinery and equipment	(58,814)	(4,599)	3,243	(60,170)
Infrastructure	(266,861)	(20,867)	-	(287,728)
Total accumulated depreciation	(428,961)	(40,276)	3,281	(465,956)
Total capital assets being depreciated, net	923,079	31,986	(181)	954,884
Governmental activities capital assets, net	$1,271,805	$81,970	$(35,161)	$1,318,614

Business type activities:	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets, not depreciated:				
Land	$ 34,924	$ 7,712	$ -	$ 42,636
Intangibles, non-depreciable	16,128	5,364	-	21,492
Improvements, non-depreciable	14,641	-	(14,641)	-
Construction in progress	126,943	115,863	(93,421)	149,385
Total capital assets not depreciated	192,636	128,939	(108,062)	213,513
Capital assets being depreciated:				
Buildings	246,608	20,652	(28)	267,232
Improvements other than buildings	1,500,804	64,814	(90,351)	1,475,267
Intangibles, depreciable	645	-	-	645
Machinery and equipment	67,066	8,419	(959)	74,526
Total capital assets being depreciated	1,815,123	93,885	(91,338)	1,817,670
Less accumulated depreciation for:				
Buildings	(102,930)	(5,899)	25	(108,804)
Improvements other than buildings	(458,879)	(39,923)	76,367	(422,435)
Intangibles, depreciable	(146)	(101)	-	(247)
Machinery and equipment	(40,839)	(5,461)	831	(45,469)
Total accumulated depreciation	(602,794)	(51,384)	77,223	(576,955)
Total capital assets being depreciated, net	1,212,329	42,501	(14,115)	1,240,715
Nuclear fuel, at amortized cost	8,832	1,318	(10,150)	-
Business type activities capital assets, net	$1,413,797	$172,758	$(132,327)	$1,454,228

Depreciation expense was charged to various functions as follows:

Governmental activities:	
General government	$ 4,231
Public safety	3,658
Highways and streets, including depreciation of general infrastructure assets	22,258
Culture and recreation	10,129
Total depreciation expense – governmental activities	$40,276

For the year ended June 30, 2013 (amounts expressed in thousands)

Business type activities:

Electric	$28,728
Water	12,698
Sewer	6,788
Refuse	1,126
Special Transportation	582
Airport	661
Public Parking	801
Total depreciation expense – business type activities	$51,384

6. Long-Term Obligations

Changes in Long-Term Obligations: Below is a summary of changes in long-term obligations during the fiscal year:

Governmental Activities:

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	$ 16,107	$ -	$ 793	$15,314	$ 840
Pension Obligation Bonds	127,480	30,940	36,415	122,005	37,170
Certificates of Participation	207,278	-	48,581	158,697	3,670
Capital Leases	5,220	7,203	3,999	8,424	1,248
Lease Revenue Bonds	-	43,813	51	43,762	1,295
Loan Payable	4,000	25,000	348	28,652	602
Compensated Absences	21,674	12,437	12,350	21,761	12,398
Claims Liability	27,542	20,897	16,870	31,569	19,337
Judgment	-	10,000	-	10,000	3,333
Net OPEB Obligation	10,133	3,269	865	12,537	-
Total	$419,434	$153,559	$120,272	$452,721	$79,893

*Beginning balances have been restated to exclude the unamortized balances of deferred refunding charges that have been reclassified as deferred outflows of resources.

Business-type activities:

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	$1,063,853	$ -	$32,014	$1,031,839	$32,080
Loan Payable	44,141	-	1,480	42,661	35,248
Notes Payable	29,680	-	1,543	28,137	1,589
Capital Leases	1,332	1,659	433	2,558	644
Landfill Capping	6,695	-	238	6,457	200
Arbitrage Liability	190	79	-	269	-
Water Stock Acquisition Rights	947	-	3	944	150
Compensated absences	7,497	6,492	6,351	7,638	6,389
Net OPEB Obligation	7,663	2,878	761	9,780	-
Total	$1,161,998	$11,108	$42,823	$1,130,283	$76,300

*Beginning balances have been restated to include compensated absences and to exclude the unamortized balances of deferred refunding charges that have been reclassified as deferred outflows of resources.

The following debt has been issued for the purpose of generating capital resources for use in acquiring or constructing municipal facilities or infrastructure projects.

Long-Term Obligations at June 30, 2013:

Revenue Bonds:	Principal Outstanding
Electric	
$75,405 2003 Electric Revenue Bonds; 2.0% to 5.0%, due in annual installments from $1,035 to $8,535 through October 1, 2013.	$6,880
$27,500 2004 Electric Revenue Bonds; Series A fixed rate bonds, 4.0% to 5.5%, due in annual installments from $2,615 to $3,695 through October 1, 2014.	6,340
$141,840 2008 Electric Refunding/Revenue Bonds; Series A and C. The bonds were issued at a variable rate; however the City entered into an agreement to convert to a fixed rate of 3.1% for the Series A bonds	

For the year ended June 30, 2013 (amounts expressed in thousands)

and 3.2% for the C bonds. For information on the swap agreements see note 9. Bonds are due in annual installments from $1,325 to $8,560 through October 1, 2035.	138,265
$209,740 2008 Electric Revenue Bonds; Series D fixed rate bonds, 3.6% to 5.0%, due in annual installments from $125 to $24,960 through October 1, 2038.	209,740
$34,920 2009 Electric Refunding/Revenue Bonds; Series A fixed rate bonds, 0.35% to 5.0%, due in annual installments from $450 to $6,105 through October 1, 2018. The bonds refunded the 1998 series and partially refunded the 2001 series.	21,075
$140,380 2010 Electric Revenue Bonds; Series A and B fixed rate bonds, 3% to 4.9%, due in annual installments from $2,300 to $33,725 through October 1, 2040.	140,380
$56,450 2011 Electric Revenue Refunding Bonds; Series A. The bonds were issued at a variable rate; however the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see note 9. Bonds are due in annual installments from $725 to $5,175 through October 1, 2035.	53,750
Subtotal	576,430
Add: Unamortized bond premium	7,189
	$583,619

Water

$58,235 2008 Water Revenue Bonds; Series B fixed rate bonds, 4.0% to 5.0%, due in annual installments from $1,210 to $7,505 through October 1, 2038.	$58,235
$31,895 2009 Water Refunding/Revenue Bonds; Series A fixed rate bonds, 0.65% to 5.0%, due in annual installments from $500 to $3,835 through October 1, 2020. The bonds refunded the 1998 series and partially refunded the 2001 series.	24,715
$67,790 2009 Water Revenue Bonds; Series B fixed rate bonds, 3.33% to 4.13%, due in annual installments from $2,475 to $4,985 through October 1, 2039.	67,790
$59,000 2011 Water Refunding/Revenue Bonds; Series A. The bonds were issued at a variable rate; however the City entered into an agreement to convert to a fixed rate of 3.2%. For information on the swap agreements see note 9. Bonds are due in annual installments from $800 to $3,950 through October 1, 2035.	57,375
Subtotal	208,115
Add: Unamortized bond premium	3,888
	$212,003

Sewer

$240,910 2009 Sewer Revenue Bonds; Series A & B fixed rate bonds, 3.65% to 5.0%, due in annual installments from $5,555 to $13,350 through August 1, 2039.	$234,150
Add: Unamortized bond premium	2,067
	$236,217

Total Revenue Bonds	$1,031,839

Remaining revenue bond debt service payments will be made from revenues of the Electric, Water and Sewer Enterprise funds. Annual debt service requirements to maturity are as follows:

	Electric Utility Fund			Water Utility Fund		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2014	$ 20,685	$ 24,543	$ 45,228	$ 4,360	$ 8,475	$ 12,835
2015	14,480	23,745	38,225	5,015	8,276	13,291
2016	15,415	23,113	38,528	5,260	8,046	13,306
2017	12,745	22,620	35,365	5,180	7,814	12,994
2018	13,170	22,201	35,371	5,415	7,577	12,992
2019-2023	73,335	103,178	176,513	30,435	34,446	64,881
2024-2028	88,305	87,530	175,835	36,630	28,032	64,662
2029-2033	108,250	66,841	175,091	44,420	20,007	64,427
2034-2038	133,575	40,213	173,788	54,120	10,002	64,122
2039-2041	96,470	7,314	103,784	17,280	595	17,875
Premium	7,189	-	7,189	3,888	-	3,888
Total	$583,619	$421,298	$1,004,917	$ 212,003	$133,270	$345,273

For the year ended June 30, 2013 (amounts expressed in thousands)

	Sewer Utility Fund		
Fiscal Year	Principal	Interest	Total
2014	$ 7,035	$ 10,436	$ 17,471
2015	7,325	10,149	17,474
2016	7,660	9,811	17,471
2017	8,055	9,418	17,473
2018	8,410	9,063	17,473
2019-2023	35,240	40,695	75,935
2024-2028	34,940	33,376	68,316
2029-2033	43,920	24,394	68,314
2034-2038	55,475	12,839	68,314
2039-2040	26,090	1,235	27,325
Premium	2,067	-	2,067
Total	$236,217	$161,416	$397,633

General Obligation Bonds:	Principal Outstanding
$20,000 Fire Facility Projects, Election of 2003 General Obligation Bond; 3.0% to 5.5%, due in annual installments from $410 to $1,740 through August 1, 2024.	$15,135
Add: Unamortized bond premium	179
Total General Obligation Bonds	$15,314

Remaining general obligation bond debt service payments will be made from unrestricted revenues of the General fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2014	$ 840	$ 706	$ 1,546
2015	900	671	1,571
2016	965	634	1,599
2017	1,040	592	1,632
2018	1,110	544	1,654
2019-2023	6,900	1,837	8,737
2024-2025	3,380	189	3,569
Premium	179	-	179
Total	$15,314	$5,173	$20,487

Pension Obligation Bonds:	Principal Outstanding
$89,540 California Statewide Community Development Authority (Public Safety) 2004 Taxable Pension Obligation Bond; 2.65% to 5.896%, due in annual installments from $1,125 to $10,715 through June 1, 2023.	$ 70,370
$30,000 2005 Taxable Pension Obligation Bonds Series A; 3.85% to 4.78%, due in annual installments $630 to $3,860 through June 1,2020.	20,695
$30,940 2013 Taxable Pension Obligation Refunding Bond Anticipation Notes; rate at June 30, 2013 was 0.65%, $30,940 due June 1, 2014.	30,940
Total Pension Obligation Bonds	$122,005

Remaining pension obligation bond debt service payments will be made from unrestricted revenues of the General fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2014	$ 37,170	$ 5,312	$ 42,482
2015	7,050	4,759	11,809
2016	7,930	4,391	12,321
2017	8,880	3,971	12,851
2018	9,920	3,482	13,402
2019-2023	51,055	8,827	59,882
Total	$122,005	$30,742	$152,747

Certificates of Participation:	Principal Outstanding
$19,945 2006 Galleria at Tyler Public Improvements Certificates of Participation; 4.0% to 5.0%, due in annual installments from $435 to $1,270 through September 1, 2036.	$19,055

(amounts expressed in thousands)

$128,300 2008 Riverside Renaissance Certificates of Participation; issued at a variable rate; however the City entered into an agreement to convert to a fixed rate of 3.4%. For information on the swap agreement see note 9. Due in annual installments from $2,900 to $7,200 through March 1, 2037.	119,300
$20,660 2010 Recovery Zone Facility Hotel Project Certificates of Participation; 4.0% to 5.5%, due in annual installments from $415 to $1,410 through March 1, 2040.	20,660
Subtotal	159,015
Less: Unamortized bond discount	(318)
Total Certificates of Participation	$158,697

Remaining certificates of participation debt service payments will be made from unrestricted revenues of the debt service fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2014	$ 3,670	5,913	9,583
2015	4,210	5,784	9,994
2016	4,445	5,634	10,079
2017	4,580	5,478	10,058
2018	4,720	5,316	10,036
2019-2023	26,505	23,892	50,397
2024-2028	31,830	18,673	50,503
2029-2033	38,455	12,245	50,700
2034-2038	37,850	4,333	42,183
2039-2040	2,750	229	2,979
Discount	(318)	-	(318)
Total	$158,697	$87,497	$246,194

Lease Revenue Bonds – Governmental Activities:	Principal Outstanding
On August 15, 2012, the City issued the Series 2012A Lease Revenue Refunding Bonds in the amount of $41,240. The bonds were issued to refinance the 2003 Certificates of Participation. Interest on the bonds is payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2013. The rate of interest varies from 2% to 5% per annum depending on maturity date. Principal is payable in annual installments ranging from $1,295 to $2,840 commencing November 1, 2013 and ending November 1, 2033. The refunding transaction resulted in an economic gain of $2,455 and a reduction of $3,034 in future debt service payments.	$41,240
Add: Unamortized bond premium	2,522
Total Lease Revenue Bonds – Governmental Activities	$43,762

Remaining lease revenue bond debt service payments will be made from unrestricted revenues of the debt service fund. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2014	$1,295	$ 1,775	$ 3,070
2015	1,330	1,743	3,073
2016	1,370	1,702	3,072
2017	1,420	1,653	3,073
2018	1,485	1,588	3,073
2019-2023	8,640	6,715	15,355
2024-2028	10,230	4,518	14,748
2029-2033	12,630	1,921	14,551
2034-2038	2,840	57	2,897
Premium	2,522	-	2,522
Total	$43,762	$21,672	$65,434

(amounts expressed in thousands)

Loans Payable – Governmental Activities:	Principal Outstanding
In March 2012 the City entered into a financing arrangement in the amount of $4,000 with Pinnacle Public Finance, Inc. for the construction of Ryan Bonaminio Park at the Tequesquite Arroyo. The debt will be paid with resources from the General Fund in semi-annual debt service payments of approximately $468 per year over a 10 year period, which includes interest at an annualized rate of 3.05%.	$ 3,652
On July 19, 2012, the City secured financing in the amount of $41,650 with BBVA Compass Bank for the renovation and expansion of the Riverside Convention Center. The financing consists of an initial 21-month variable rate interest only period during construction that has a swap transaction layered over the remaining 20-year amortization resulting in a "synthetic fixed" rate of 3.24% for 20 of the 22 years. At the end of the construction period, principal and interest are due on the first of each month, with equal payments each year of approximately $2,850. As of June 30, 2013, the City had borrowed $25,000.	25,000
Total Loans Payable – Governmental Activities	$28,652

Loan Payable – Electric Fund:	Principal Outstanding
The City entered into the Clearwater Power Plant Purchase and Sale Agreement dated March 3, 2010 with the City of Corona for the acquisition of Clearwater Cogeneration Facility (Clearwater) located in Corona. The total purchase price for Clearwater is $46,569, and will be funded through a series of semi-annual payments ranging from $1,158 to $2,664 through 2013, and $182 to $413 in 2014 and 2015. In addition, two payments of $36,406 and $7,367 are due in 2013 and 2015, respectively, and will be funded primarily from bond proceeds.	$42,661

Notes Payable – Enterprise Funds:	Principal Outstanding
Sewer fund loan from State of California for Cogeneration project, 2.336%, payable in net annual installments of $339, beginning January 29, 2003 through January 29, 2021	$ 2,479
Sewer fund loan from State of California for Headworks project, 1.803%, payable in net annual installments of $477, beginning November 6, 1999 through November 6, 2018	2,695
Public parking fund loan from City National Bank for Fox Entertainment Plaza project, 3.85%, payable in net annual installments of $1,747, beginning June 16, 2011 through December 16, 2031	22,963
Total notes payable – Enterprise Funds	$28,137

Remaining notes payable debt service payments will be made from unrestricted revenues of the Sewer fund. Annual debt service requirements to maturity are as follows:

	Sewer Fund		
Fiscal Year	Principal	Interest	Total
2014	$ 718	$ 99	$ 817
2015	731	86	817
2016	745	72	817
2017	759	58	817
2018	773	44	817
2019-2021	1,448	49	1,497
Total	$5,174	$408	$5,582

	Public Parking Fund		
Fiscal Year	Principal	Interest	Total
2014	$ 871	$ 876	$ 1,747
2015	905	842	1,747
2016	940	807	1,747
2017	977	770	1,747
2018	1,014	733	1,747
2019-2023	5,695	3,039	8,734
2024-2028	6,892	1,842	8,734
2029-2032	5,669	444	6,113
Total	$22,963	$9,353	$32,316

For the year ended June 30, 2013 (amounts expressed in thousands)

Contracts – Enterprise Funds:	Principal Outstanding
Water stock acquisition rights payable on demand to various water companies	$944

Capital Leases:

The City leases various equipment through capital leasing arrangements in the governmental and proprietary fund types. These activities are recorded for both governmental and business-type activities in the government-wide financial statements. The assets and related obligations under leases in governmental funds are not recorded in the fund statements. For proprietary funds, the assets and their related liabilities are reported directly in the fund. Amortization applicable to proprietary assets acquired through capital lease arrangements is included with depreciation for financial statement presentation.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Business-Type Activities
Buildings and improvements	$1,103	$ -
Equipment	7,151	4,423
Subtotal	8,254	4,423
Less: Accumulated depreciation	(2,476)	(1,173)
Total	$5,778	$3,250

The future minimum lease obligations as of June 30, 2013 were as follows:

Years Ending June 30,	Governmental Activities	Business-type Activities
2014	$1,685	$ 700
2015	1,685	687
2016	1,685	324
2017	1,062	259
2018	1,062	259
Thereafter	1,714	505
Copiers	80	8
Total Minimum lease payments	8,973	2,742
Less: Amount representing interest (rates ranging from 1.6% to 9%)	(549)	(184)
Total capital lease payable	$8,424	$2,558

The following are legally required debt service cash reserves. These amounts, at a minimum, are held by the City or fiscal agents at June 30, 2013:

Governmental long-term obligations:	
Certificates of Participation	$10,207
Total	$10,207
Enterprise funds:	
Electric	$22,369
Sewer	20,142
Total	$42,511

The City has a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. The debt service coverage ratios also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required)	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service Coverage Ratio for FYE 6/30/13
Electric revenues	$121,190	44,426	2.73
Water revenues	36,761	14,095	2.61
Sewer revenues	22,945*	18,356	1.25

* Includes $6,935 of cash set-aside in a rate stabilization account in accordance with applicable bond covenants.

There are also a number of limitations and restrictions contained in Assessment Bond indentures. The City believes they are in compliance with all significant limitations and restrictions.

Defeasance of Debt:

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt issues. Accordingly, the trust account assets and liability for the defeased debt issues are not included in the City's financial statements.

For the year ended June 30, 2013 (amounts expressed in thousands)

At June 30, 2013, the following amounts are considered defeased:

2003 Certificates of Participation	$42,660

Landfill Capping:

State and Federal laws and regulations require the City to place a final cover on all active landfills when closed and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. To comply with these laws and regulations, the City is funding the costs of closure and "final capping" of the Tequesquite landfill located in the City. This area, comprised of approximately 120 acres, operated as a "Class II Sanitary Landfill" until its closure in 1985. During its operation, the landfill did not accept hazardous waste and no clean up and abatement or cease and desist orders have been issued to the City. The capacity used at June 30, 2013 was 100%. The remaining post closure period is currently 20 years.

The estimated costs as determined by an independent consultant and updated by the City's Engineering Department are associated with flood control upgrades, remediation of possible ground water contamination and control of methane gas. All potential costs have been recognized in the financial statements. However, there is the potential for these estimates to change due to inflation, deflation, technology, or change in laws or regulations. The City is recovering such costs in rates charged to its customers. The portion of costs to be recovered through future rates is classified as a regulatory asset and will be amortized over future periods.

7. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Property insurance coverage has a limit of $1,000,000, with a deductible of $50. Earthquake and flood insurance coverage has a limit of $25,000, with a deductible of 5% for earthquake and $100 for flood. Workers' compensation insurance coverage has a limit of $25,000, with a self-insured retention of $3,000 per occurrence. The City carries commercial insurance in the amount of $20,000 for general and auto liability claims greater than $3,000. There were no claims settled in the last three fiscal years that exceed insurance coverage. Internal service funds have been established to account for and finance the uninsured risks of loss.

All funds of the City participate in the Risk Management program and make payments to the Internal Service Funds based on actuarial estimates of the amounts needed to fund prior and current year claims and incidents that have been incurred but not reported. Interfund premiums are accounted for as quasi - external transactions and are therefore recorded as revenues of the Internal Service funds in the fund financial statements.

Changes in the self-insurance trust fund's claims liability amounts are:

Unpaid Claims, June 30, 2011	$26,615
Incurred claims (including IBNR's)	12,286
Claim payments and adjustments	(11,359)
Unpaid Claims, June 30, 2012	27,542
Incurred claims (including IBNR's)	20,897
Claim payments and adjustments	(16,870)
Unpaid Claims, June 30, 2013	$31,569

8. Judgment

In April 2013, the City settled a lawsuit challenging its century-old practice of transferring Water Fund monies to the General Fund. Under the settlement agreement, the General Fund agreed to pay $10 million over a three year period beginning in fiscal year 2013/14. Accounting standards limit the amount of expenditures and liabilities that are recognized for claims and judgments in governmental funds to the amounts that will be liquidated with expendable available resources. Governments are normally expected to liquidate liabilities with expendable available financial resources to the extent that the liabilities mature (come due for payment) each period. Therefore, the judgment has been reflected as a liability in the government-wide statements and will be recognized as an expenditure in the General Fund when the payments become due.

For the year ended June 30, 2013 (amounts expressed in thousands)

9. Other Long-Term Obligations

Changes in Long-Term Obligations: Below is a summary of changes in long-term obligations during the fiscal year for the former Redevelopment Agency, which is accounted for in the Successor Agency Trust (a fiduciary fund):

Successor Agency Trust:

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Redevelopment Agency bonds	$ 264,049	$ -	$ 7,827	$256,222	$ 7,930
Notes Payable	7,189	-	932	6,257	678
Commercial Loan	1,100	-	1,100	-	-
Total	$ 272,338	$ -	$ 9,859	$262,479	$8,608

*Beginning balances have been restated to exclude the unamortized balances of deferred refunding charges that have been reclassified as deferred inflows of resources.

Redevelopment Agency Bonds:	Principal Outstanding
$13,285 1991 Public Financing Authority Revenue Bonds, Series A, Multiple Project Areas; $1,470 serial revenue bonds 7.15% to 7.6%, due in annual installments from $100 to $145 through February 1, 2003; and $4,175 term bonds, 8.0%, due in annual installments from $155 to $450 through February 1, 2018 (portion not refunded).	$ 100
$17,025 1999 University Corridor/Sycamore Canyon Merged Project Area, Tax Allocation Bonds, Series A; $6,205 serial bonds, 3.4% to 4.7% due in annual installments from $40 to $570 through August 1, 2014; $4,810 term bonds at 4.75% due August 1, 2021; and $6,010 term bonds at 5.0% due August 1, 2027.	11,935
$6,055 1999 University Corridor/Sycamore Canyon Merged Project Area, Subordinate Tax Allocation Bonds, Series B; $1,900 serial bonds, 4.5% to 5.5% due in annual installments from $35 to $190 through Sept. 1, 2013; $1,135 term bonds at 5.5% due Sept. 1, 2018; and $3,020 term bonds at 5.625% due Sept. 1, 2027.	4,345
$20,395 1999 Casa Blanca Project Area, Tax Allocation Bonds, Series A; $8,925 serial bonds, 3.4% to 4.7% due in annual installments from $455 to $780 through Aug. 1, 2014; $2,565 term bonds at 4.75% due Aug. 1, 2017; $4,035 term bonds at 4.75% due Aug. 1, 2021; and $4,870 term bonds at 5% due Aug. 1, 2025.	12,995
$4,550 Arlington Redevelopment Project, 2004 Tax Allocation Bonds, Series A; $420 term bonds at 3.8% due Aug. 1, 2014; $615 term bonds at 4.6% due Aug. 1, 2024; $3,515 term bonds at 4.7% due Aug. 1, 2034.	4,225
$2,975 Arlington Redevelopment Project Area, 2004 Tax Allocation Bonds; Series B: 5.5% due in annual installments from $85 to $235 through August 1, 2024.	2,140
$26,255 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series A; 2% to 5% due in annual installments from $545 to $2,230 through October 1, 2024.	18,835
$4,810 State of California Department of General Services Project, 2003 Lease Revenue Refunding Bonds, Series B; $310 serial bonds 1.20% to 1.42% through October 1, 2004; $620 term bonds at 3.090% due Oct. 1, 2008; $1,110 term bonds at 4.340% due Oct. 1, 2014 and $2,770 term bonds at 5.480% due Oct. 1, 2024.	3,170
$40,435 Downtown/Airport Merged Project Area, 2003 Tax Allocation and Refunding Bonds; $32,720 serial bonds 2.0% to 5.25% due in annual installments from $1,220 to $1,955 through August 1, 2023; and $7,715 term bonds at 5.0% due in annual installments from $195 to $2,060 through August 2034.	28,330
$24,115 2005 Housing Set-Aside Tax Allocation Bonds; $17,025 serial bonds 3.0% to 4.625% due in annual installments from $505 to $1,165 through August 1, 2025; $2,425 term bonds at 5.0% due August 1, 2028; and $4,665 term bonds at 4.85% due August 1, 2034.	19,155
$8,340 Downtown/Airport Merged Project Area and Casa Blanca Project Area 2007 Tax Allocation Bonds, Tax Exempt, Series A, serial bonds 4.0% to 4.25% due	

For the year ended June 30, 2013 (amounts expressed in thousands)

in annual installments from $20 to $590,000 through Aug. 1, 2025; $4,980 term bonds at 4.5% due Aug. 1, 2029; $410 term bonds at 4.375% due Aug. 1, 2037.	8,240
$1,465 California Statewide Communities Development Authority 2005 Taxable Revenue Bonds, Series A (CRA/ERAF Loan Program); 3.87% to 5.01% due in annual installments of $105 to $180 through August 1, 2015.	355
$14,850 Downtown/Airport Merged Project Area and Casa Blanca Project Area 2007 Tax Allocation Bonds, Taxable, Series B, $4,050 term bonds at 5.2% due August 1, 2017; $10,800 term bonds at 5.8% due August 1, 2028.	12,960
$89,205 University Corridor/Sycamore Canyon Merged Project Area, Arlington Project Area, Hunter Park/Northside Project Area, Magnolia Center Project Area, and La Sierra/Arlanza Project Area 2007 Tax Allocation Bonds, Tax-Exempt, Series C, serial bonds 4.0% to 5.0% due in annual installments from $50 to $3,210 through August 1, 2025; $17,955 term bonds at 4.5% due August 1, 2030; $47,775 term bonds at 5.0% due August 1, 2037.	87,650
$43,875 University Corridor/Sycamore Canyon Merged Project Area, Arlington Project Area, Hunter Park/Northside Project Area, Magnolia Center Project Area, and La Sierra/Arlanza Project Area 2007 Tax Allocation Bonds, Taxable, Series D, $15,740 term bonds due August 1, 2017; $28,135 term bonds due August 1, 2032.	36,335
Subtotal	250,770
Add: Unamortized bond premium	5,452
Total Redevelopment Agency Bonds	$256,222

Remaining debt service will be paid by the Successor Agency Trust from future property tax revenues. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2014	$ 7,930	$ 12,408	$ 20,338
2015	8,310	12,047	20,357
2016	8,520	11,665	20,185
2017	8,905	11,256	20,161
2018	9,660	10,799	20,459
2019-2023	57,795	45,783	103,578
2024-2028	60,745	29,782	90,527
2029-2033	46,985	16,173	63,158
2034-2038	41,920	4,976	46,896
Premium	5,452	-	5,452
Total	$256,222	$154,889	$411,111

Notes Payable – Successor Agency:	Principal Outstanding
These notes payable have been issued to promote development and expansion within the City's redevelopment areas.	
Pepsi Cola Bottling Company of Los Angeles, 10.5%, payable in net annual installments of $341, subject to recording of completion.	$2,987
HUD Section 108 loan for University Village, 5.36% to 7.66%, payable in semi-annual installments beginning August 1, 1996 of $272 to $425 through August 1, 2015	1,125
HUD Section 108 loan for Mission Village Project, 6.15% to 6.72%, payable in semi-annual installments beginning August 1, 1999 of $110 to $420 through August 1, 2018	2,145
Total notes payable – Successor Agency	$ 6,257

For the year ended June 30, 2013 (amounts expressed in thousands)

Remaining debt service will be paid by the Successor Agency Trust from future property tax revenues. Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2014	$ 678	$ 403	$ 1,081
2015	736	380	1,116
2016	774	354	1,128
2017	403	333	736
2018	432	319	751
2019-2023	706	1,430	2,136
2024-2028	471	1,238	1,709
2029-2033	777	933	1,710
2034-2038	1,280	430	1,710
Total	$ 6,257	$5,820	$12,077

As a result of action by the State of California to dissolve all redevelopment agencies in the state, the Successor Agency no longer receives the full amount of tax increment previously pledged by the dissolved redevelopment agency to its bondholders. In its place is a new revenue stream provided to the Successor Agency that represents only that portion of tax increment that is necessary to pay the enforceable obligations approved by the California Department of Finance.

For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. The debt service coverage ratios for the Successor Agency also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required)*	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service Coverage Ratio for FYE 6/30/13
Property Taxes:			
Non-Housing	$37,811	$15,313	2.47
Housing	8,244	2,769	2.98

* The computations above are based on the total tax increment generated for the year ended June 30, 2013 for each project area that had been pledged as collateral for the Bonds. As discussed above, only a portion of tax increment has been actually remitted to the Successor Agency and reported as revenue in the accompanying financial statements.

Assessment Districts and Community Facilities Districts Bonds
(Not obligations of the City)

As of June 30, 2013, the City has several series of Assessment District and Community Facility District Bonds outstanding in the amount of $48,930. Bonds were issued for improvements in certain districts and are long-term obligations of the property owners. The City Treasurer acts as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders and initiating foreclosure proceedings, if applicable. Since the debt does not constitute an obligation of the City, it is not reflected as a long-term obligation of the City and is not reflected in the accompanying basic financial statements.

Conduit Debt Obligations

Mortgage Revenue Bonds outstanding of $6,540 and Industrial Development Revenue Bonds of $1,910 are not included in the accompanying financial statements. These bonds are special obligations of third parties and payable solely from and secured by a pledge of the receipts received from loans and certain other reserve funds and related monies. The bonds are not payable from any other revenues or assets of the City. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged to the payment of the principal and interest on the bonds.

10. Derivative Instruments

Interest Rate Swaps

The City has six cash flow hedging derivative instruments, which are pay-fixed swaps. These swaps were employed as a hedge against debt that was refunded in 2008 and 2011 and against debt issued in 2012. At the time of the refundings, hedge accounting ceased to be applied. The balance of the deferral account for each swap is included as part of the deferred charge on refunding associated with the new bonds. The swaps were also employed as a hedge against the new debt. Hedge accounting was applied to that portion of the hedging relationship, which was determined to be effective. Hedge accounting was also applied to the swap associated with the debt issued in 2012, which was also determined to be effective.

For the year ended June 30, 2013 (amounts expressed in thousands)

The following is a summary of the derivative activity for the year ended June 30, 2013:

	Notional Amount	Fair Value as of 6/30/13	Change in Fair Value for Fiscal Year
Governmental Activities			
2008 Renaissance Certificates of Participation	$128,300	(19,339)	10,633
2012 Convention Center Financing	41,650	1,026	1,026
Business-Type Activities			
2008 Electric Refunding/Revenue Bonds Series A	84,515	(9,645)	5,340
2008 Electric Refunding/Revenue Bonds Series C	57,325	(7,056)	4,528
2011 Electric Refunding/Revenue Bonds Series A	56,450	(7,028)	4,526
2011 Water Refunding/Revenue Bonds Series A	59,000	(7,884)	4,884

Objective: In order to lower borrowing costs as compared to fixed-rate bonds, the City entered into interest rate swap agreements in connection with its $141,840 2008 Electric Revenue Bonds (Series A and C), $56,450 2011 Electric Revenue Bonds, $59,000 2011 Water Revenue Bonds and $128,300 2008 Certificates of Participation ("COP"). Also, in 2012, the City entered into an additional interest rate swap agreement in connection with the Convention Center financing with BBVA Compass Bank.

Terms: Per the existing swap agreements, the City pays a counterparty a fixed payment and receives a variable payment computed as 62.68% of the London Interbank Offering Rate ("LIBOR") one month index plus 12 basis points for the Electric and Water swaps. For the COP swap, the City again pays a fixed payment and receives a variable payment computed as 63.00% of the LIBOR one month index plus 7 basis points. The Convention Center financing consists of an initial 21-month variable rate interest only period during construction, which swaps to a fixed rate for the remaining 20-year amortization. Once the swap begins, the City will pay a fixed payment and will receive a variable payment computed at 65.01% of the LIBOR one month index plus 150 basis points. The lease interest rate on the Convention Center has a cap at the lesser of 12% or the highest rate permitted by applicable law whereas the related swap does not have a cap. The swaps have notional amounts equal to the principal amounts stated above. The notional value of the swaps and the principal amounts of the associated debt decline by $975 to $7,200 until the debt is completely retired in fiscal year 2037.

The bonds and the related swap agreements for the 2008A Electric Revenue Bonds mature on October 1, 2029, 2008C Electric and 2011A Electric and 2011A Water Revenue/Refunding Bonds mature on October 1, 2035. The 2008 Certificates of Participation mature on March 1, 2037. The loan with BBVA Compass Bank will be paid in full on April 1, 2034.

As of June 30, 2013 rates were as follows:

	Terms	2011 Water Refunding/ Revenue Bonds Series A Rates	2011 Electric Refunding/ Revenue Bonds Series A Rates
Interest rate swap:			
Fixed payment to counterparty	Fixed	3.20000%	3.20100%
Variable payment from counterparty	62.68 LIBOR + 12 bps	(0.26049%)	(0.26036%)
Net interest rate swap payments		2.93951%	2.94064%
Variable-rate bond coupon payments		0.20403%	0.15723%
Synthetic interest rate on bonds		3.14354%	3.09787%

	Terms	2008 Electric Refunding/ Revenue Bonds Series C Rates	2008 Electric Refunding/ Revenue Bonds Series A Rates
Interest rate swap:			
Fixed payment to counterparty	Fixed	3.20400%	3.11100%
Variable payment from counterparty	62.68 LIBOR + 12 bps	(0.46435%)	(0.46286%)
Net interest rate swap payments		2.73965%	2.64814%
Variable-rate bond coupon payments		0.40613%	0.40854%
Synthetic interest rate on bonds		3.14578%	3.05668%

	Terms	COP 2008 Bonds Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.36200%
Variable payment from counterparty	63.00 LIBOR + 7 bps	(0.43809%)
Net interest rate swap payments		2.92391%
Variable-rate bond coupon payments		0.43967%
Synthetic interest rate on bonds		3.36358%

For the year ended June 30, 2013 (amounts expressed in thousands)

The Convention Center financing consists of an initial 21-month variable rate interest only period during construction, which swaps to a "synthetic fixed" rate of 3.24% for the remaining 20-year amortization. The swap transaction is expected to commence in April 2014.

Fair Value: As of June 30, 2013, in connection with all swap arrangements, the transactions had a combined net negative fair value of <$49,926>. Because the coupons on the City's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value decrease. The fair value was developed by a pricing service using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Credit risk: The City is exposed to credit risk on one of its derivative instruments that has a positive fair value. The counterparty for this swap is BBVA/Compass Bank. To mitigate credit risk, the City has the ability to offset swap payments due to it from BBVA/Compass pursuant to the swap, against current and future rental payments required to be made by the City to Compass Mortgage Corporation under the lease agreement. The City is not exposed to credit risk on the remaining swaps because those swaps have a negative fair value. The swap counterparties, Bank of America, J.P. Morgan Chase & Co. and Merrill Lynch were rated A, A and A- respectively by Standard & Poor's. To mitigate the potential for credit risk for these swaps, the swap agreements require the fair value of the swap to be collateralized by the counterparty with U.S. Government securities if the counterparties' rating decreases to negotiated trigger points. Collateral would be posted with a third-party custodian. At June 30, 2013, there is no requirement for collateral posting for any of the outstanding swaps.

Basis risk: The city is exposed to basis risk on its pay-fixed interest rate swap and rate cap hedging derivative instruments because the variable-rate payments received by the city on these hedging derivative instruments are based on a rate or index other than interest rates the city pays on its hedged variable-rate debt. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

Termination risk: The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, a swap may be terminated by the City if either counterparty's credit quality falls below "BBB-" as issued by Standard and Poor's. The City or the counterparty may terminate a swap if the other party fails to perform under the terms of the contract. If a swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination a swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt: As of June 30, 2013, the debt service requirements of the variable-rate debt and net swap payments assuming current interest rates remain the same, for their term are summarized in the following table. As rates vary, variable-rate bond interest payments and net swap payments will vary.

	Variable-Rate Bonds			
Fiscal Year Ending June 30	**Principal**	**Interest**	**Interest Rate Swaps, Net**	**Total**
2014	$ 7,144	$ 1,678	$ 10,531	$ 19,353
2015	10,492	1,910	10,778	23,180
2016	18,263	1,837	10,341	30,441
2017	17,314	1,757	9,867	28,938
2018	13,217	1,684	9,489	24,390
2019-2023	82,771	7,247	41,243	131,261
2024-2028	87,811	5,067	29,765	122,643
2029-2033	102,099	2,607	16,983	121,689
2034-2038	71,229	432	3,371	75,032
Total	$410,340	$24,219	$142,368	$576,927

11. Economic Contingency

A portion of unassigned fund balance within the General Fund is set aside for future economic contingencies. The amount that has been set aside is equal to approximately 15% of General Fund expenditures.

12. Interfund Assets, Liabilities and Transfers

Due From/To Other Funds: These balances resulted from expenditures being incurred prior to receipt of the related revenue source.

For the year ended June 30, 2013 (amounts expressed in thousands)

The following table shows amounts receivable/payable between funds within the City at June 30, 2013:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental Funds	$ 246
	Capital Outlay Fund	20,065
	Nonmajor Enterprise Funds	1,303
	Self-Insurance Trust *	265
		21,879
Electric	Central Stores *	1,765
Water	Central Stores *	756
Total		$24,400

* Internal service fund

Advances To/From Other Funds: These balances consist of advances used to fund capital projects in advance of related financing/assessments and for other long-term borrowing purposes.

The following table shows amounts advanced from funds within the City to other funds within the City at June 30, 2013:

Receivable Fund	Payable Fund	Amount
General	Electric	$11,781
	Water	5,069
	Sewer	3,243
	Nonmajor Governmental Funds	539
	Nonmajor Enterprise Funds	2,179
	Self-Insurance Trust *	213
	Central Stores *	223
	Central Garage *	1,003
		24,250
Self-Insurance Trust *	Nonmajor Enterprise Funds	591
	General	258
	Nonmajor Governmental Funds	3,918
		4,767
Sewer	Nonmajor Governmental Funds	7,581
Total		$36,598

In addition, the following advances to the former Redevelopment Agency are accounted for in the Private-Purpose Trust Fund of the Successor Agency:

Receivable Fund	Amount
General	$ 680
Nonmajor Governmental Funds	39,739
Electric	5,742
Sewer	4,392
Self-Insurance Trust *	5,578
Total	$56,131

Transfers In/Out: Transfers are used to (1) move revenues to the fund that statute or budget requires to expend them, and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

The following table shows amounts transferred to/from funds within the City as of June 30, 2013:

Transfer In Fund	Transfer Out Fund	Amount
General	Electric	$37,186
	Water	6,579
	Nonmajor Governmental Funds	350
		44,115
Nonmajor Governmental Funds	General Fund	8,897
	Capital Outlay Fund	201
	Nonmajor Governmental Funds	2,519
	Nonmajor Enterprise Funds	840
		12,457
Electric	Central Garage *	33
Water	Central Garage *	33
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	2,211
	Central Garage *	66
		2,277
Total		$58,915

13. Deficit Net Position

Deficit net position exists in the Self-Insurance Internal Service Trust Fund ($21,739). In order to begin funding a portion of the deficit in the internal service fund, self-insurance rates were increased in the current year. However, this was offset by unusually large losses incurred during the year combined with an adjustment for the increase in the amount estimated for claims and judgments. Management believes that there are sufficient funds on hand to cover current payment obligations and plans to continue to control costs and increase rates over the next few years as needed to match expected long-term payment requirements.

Deficit net position also exists in the Successor Agency Private-Purpose Trust Fund ($211,506). The deficit in the Successor Agency Trust Fund will be reduced over the years as the related debt is paid-off with funds received from the Redevelopment Property Tax Trust Fund (RPTTF), which is administered by the County Auditor-Controller.

14. Litigation

The City is a defendant in various lawsuits arising in the normal course of business. Present lawsuits and other claims against the City are incidental to the ordinary course of operations and are largely covered by the City's self-insurance program. In the opinion of management and the City Attorney, such claims and litigation will not have a materially adverse effect upon the financial position or results of operation of the City.

The City continues to participate in key FERC dockets impacting the City's Electric Utility, such as the California Independent System Operator's (ISO) Market Redesign and Technology Upgrade (MRTU).

The Water Utility is a plaintiff in a lawsuit against several entities that either owned or leased a property site in the City of Colton and City of Rialto that is contaminated by perchlorate. The lawsuit was filed March 31, 2009, and no trial date has been set.

15. City Employees Retirement Plan

(A) Plan Description. The City of Riverside contributes to the California Public Employees Retirement System (CalPERS), an agent multiple employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Benefit provisions and all other requirements are established by state statute and City ordinance. A copy of CalPERS' annual financial report may be obtained online at www.calpersca.gov.

(B) Funding Policy. For each of the fiscal years shown on the following page, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City has a multiple tier retirement plan with benefits varying by plan. The City pays the employees' contribution to CalPERS for both miscellaneous and safety employees hired on or before specific dates as follows:

Safety (Police):

- 1st Tier (RPOA, RPOA Supervisory & RPAA) - The retirement formula is 3% at age 50 for employees hired before February 16, 2012. The City pays the employee share (9%) of contributions on their behalf and for their account.
- 2nd Tier (RPOA only) - The retirement formula is 3% at age 50 and new employees hired on or after February 17, 2012 pay their share (9%) of contributions.
- 3rd Tier (RPOA, RPOA Supervisory & RPAA) – The retirement formula is 2.7% at age 57 for new members hired on or after January 1, 2013 and the employee must pay the employee share (9%). Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

Safety (Fire):

- 1st Tier - The retirement formula is 3% at age 50 for employees hired before June 11, 2011. The City pays the employee share (9%) of contributions on their behalf and for their account.
- 2nd Tier - The retirement formula is 3% at age 55 and new employees hired on or after June 11, 2011 pay their share (9%) of contributions.
- 3rd Tier – The retirement formula is 2.7% at age 57 for new members hired on or after January 1, 2013 and the employee must pay the employee share (9%). Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

For the year ended June 30, 2013 (amounts expressed in thousands)

Miscellaneous:

- 1st Tier - The retirement formula is 2.7% at age 55. The City pays the employee share (8%) of contributions on their behalf and for their account.
- 2nd Tier - The retirement formula is 2.7% at age 55, and:
    - SEIU and SEIU Refuse employees hired on or after June 7, 2011 pay their share (8%) of contributions.
    - All other miscellaneous employees hired on or after October 19, 2011 pay their share (8%) of contributions.
- 3rd Tier – The retirement formula is 2% at age 62 for new members hired on or after January 1, 2013 and the employee must pay the employee share ranging from 7-8% based on bargaining group classification. Classic members (CalPERS members prior to 12/31/12) hired on or after January 1, 2013 may be placed in a different tier.

The contribution requirements of plan members and the City are established and may be amended by CalPERS.

(C) Annual Pension Cost. The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25% per year compounded annually, attributable to inflation, and (c) 3.0% expected long term inflation. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments (smoothed market value). All changes in the unfunded actuarial accrued liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately as a level percentage of pay over a closed 20-year period. All gains or losses are tracked and amortized over a rolling 30-year period with the exception of special gains and losses in fiscal years 2008-2009, 2009-2010 and 2010-2011. Each of these years' gains or losses has been isolated and amortized over fixed and declining 30 year periods (as opposed to the current rolling 30 year amortization).

Three-year trend information for CalPERS:

Fiscal Year June 30,	Plan	Annual Pension Cost (APC)	% of APC Contributed	Net Pension Obligation (Asset)
2011	Misc	$16,888	92.4%	$(55,253)
2011	Safety	14,956	86.7%	(82,379)
2012	Misc	21,661	92.8%	(53,694)
2012	Safety	18,542	86.6%	(79,890)
2013	Misc	21,907	91.5%	(51,825)
2013	Safety	18,945	83.9%	(76,846)

In 2004 and 2005, the City issued pension obligation bonds to fund the unfunded actuarial accrued liability for safety and miscellaneous employees. The deferred charge related to the net pension asset will be amortized in accordance with the method used by CalPERS for calculating actuarial gains and losses over a 19-year period. A total of $128,671 of net pension assets is included in the Government-wide Statement of Net Position and in the proprietary fund statements.

Determination of Net Pension Asset as of June 30, 2013:

	Misc	Safety
Annual required contribution	$ 20,038	$ 15,901
Interest on net pension asset	(4,161)	(6,191)
Adjustment to annual required contribution	6,030	9,235
Annual pension cost	21,907	18,945
Less contributions made	(20,038)	(15,901)
Decrease in net pension asset	1,869	3,044
Net pension asset, beginning of year	(53,694)	(79,890)
Net pension asset, end of year	$(51,825)	(76,846)

For the year ended June 30, 2013 (amounts expressed in thousands)

Schedule of funding for CalPERS:

Plan	Actuarial Valuation Date	Entry Age Normal Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Unfunded/ (Overfunded) Actuarial Accrued Liability (UAAL)	% Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
Misc.	6/30/09	$921,349	810,929	110,420	88.0	110,318	100.1
Misc.	6/30/10	952,499	846,368	106,131	88.9	106,590	99.6
Misc.	6/30/11*	998,216	887,857	110,359	88.9	108,106	102.1
Safety	6/30/09	$660,742	595,018	65,724	90.1	63,924	102.8
Safety	6/30/10	685,213	621,107	64,106	90.6	61,778	103.8
Safety	6/30/11*	731,074	650,954	80,120	89.0	62,538	128.1

* Information presented is for the most recent valuation date available.

16. Other Post-Employment Benefits

The City provides healthcare benefits to retirees in the form of an implied rate subsidy. Retirees and active employees are insured together as a group, thus creating a lower rate for retirees than if they were insured separately. Although the retirees are solely responsible for the cost of their health insurance benefits through this plan, the retirees receive the benefit of a lower rate. The difference between these amounts is the implied rate subsidy, which is considered an other post-employment benefit (OPEB) under GASB 45.

Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies. However, the retiree benefit continues to the surviving spouse if the retiree elects the CalPERS survivor annuity.

The contribution requirements are established by the City Council. The City is not required by law or contractual agreement to provide funding other than the pay-as-you-go amount necessary to provide current benefits to eligible retirees and beneficiaries.

The City's annual OPEB cost (expense) is reported based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) (UAAL) over a period not to exceed thirty years. The ARC for the year ended June 30, 2013 was $6,011, which consisted of normal cost of $3,383 and UAAL amortization of $2,628. The ARC as a percentage of payroll was 3.9% for the year ended June 30, 2013.

As of June 30, 2011, the most recent actuarial valuation date, the OPEB plan was 0.0% funded. The actuarial accrued liability for benefits was $56 million, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $56 million.

Determination of the Net OPEB Obligation as of June 30, 2013:

Annual required contribution	$ 6,011
Interest on net OPEB obligation	766
Amortization of net OPEB obligation	(630)
Annual benefit pension cost	6,147
Less contributions made	(1,626)
Increase in net OPEB obligation	4,521
Net OPEB liability, beginning of year	17,796
Net OPEB liability, end of year	$22,317

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The method used by the actuary was the entry age normal cost method. The actuarial assumptions included (a) discount rate of 4.30%, (b) 2.75% inflation, (c) projected salary increases of 3.25% annually and (d) healthcare cost trend rates ranging from 4.5% to 8.0%.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the city and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the year ended June 30, 2013 (amounts expressed in thousands)

Three-year trend information:

Fiscal Year June 30,	ARC	Actual Contributions	% of ARC Contributed
2011	$5,617	$1,734	31%
2012	5,821	1,426	25%
2013	6,011	1,626	27%

Fiscal Year June 30,	Annual OPEB Cost	% of OPEB Cost Contributed	Net OPEB Obligation
2011	$5,314	33%	$13,433
2012	5,789	25%	17,796
2013	6,147	26%	22,317

The table below displays the funding progress of the plan and is based upon the most recent actuarial valuation data:

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability (UL)	Funded Ratio	Annual Covered Payroll	UL as a % of Covered Payroll
6/30/11	$56,060	$ -	$56,060	0%	$149,321	38%

17. Commitments and Contingencies

A. Long-Term Electric Utility Commitments

Intermountain Power Agency

The Electric Utility has entered into a power purchase contract with Intermountain Power Agency (IPA) for the delivery of electric power. The Electric Utility's share of IPA power is equal to 7.6 percent, or approximately 137.1 MW, of the net generation output of IPA's 1,800 MW coal-fueled generating station located in central Utah. The contract expires in 2027 and the debt fully matures in 2024.

The contract constitutes an obligation of the Electric Utility to make payments solely from operating revenues. The power purchase contract requires the Electric Utility to pay certain minimum charges that are based on debt service requirements. Such payments are considered a cost of production.

Southern California Public Power Authority

On November 1, 1980, the City of Riverside joined with the Imperial Irrigation District and the cities of Los Angeles, Anaheim, Vernon, Azusa, Banning, Colton, Burbank, Glendale and Pasadena to create the Southern California Public Power Authority (SCPPA) by a Joint Powers Agreement under the laws of the State of California. As of July 2001, the City of Cerritos was admitted as a member. The primary purpose of SCPPA is to plan, finance, develop, acquire, construct, operate and maintain projects for the generation and transmission of electric energy for sale to its participants. SCPPA is governed by a Board of Directors, which consists of one representative for each of the members. During the 2012-13 and 2011-12 fiscal years, the Electric Utility paid approximately $16,171 and $20,855, respectively, to SCPPA under various take-or-pay contracts. These payments are reflected as a component of production and purchased power or transmission expense in the financial statements.

The projects and the Electric Utility's proportionate share of SCPPA's obligations, including final maturities and contract expirations are as follows:

Project	Percent Share	Entitlement
Palo Verde Nuclear Generating Station (PV)	5.4%	12.3MW
Southern Transmission System (STS)	10.2%	244.0MW
Hoover Dam Uprating (Hoover)	31.9%	30.0MW
Mead – Phoenix Transmission (MPP)	4.0%	18.0MW
Mead – Adelanto Transmission (MAT)	13.5%	118.0MW

Terms of Take or Pay Commitments

As part of the take-or-pay commitments with IPA and SCPPA, the Electric Utility has agreed to pay its share of current and long-term obligations. Management intends to pay these obligations from operating revenues received during the year that payment is due. A long–term obligation has not been recorded on the accompanying financial statements for these commitments. Take-or-pay commitments terminate upon the later of contract expiration or final maturity of outstanding bonds for each project.

Outstanding debts associated with the take-or-pay obligations have variable interest rates for the Palo Verde Nuclear Generating Station Project and the remaining projects have fixed interest rates which range from 0.35 percent to 6.13 percent. The schedule below details the amount of principal and interest that is due and payable by the Electric Utility as part of the take-or-pay contract for each project in the fiscal year indicated.

Fiscal Year	IPA	SCPPA PV	SCPPA STS	SCPPA Hoover	SCPPA MPP	SCPPA MAT	Total
2014	$ 6,876	$ 664	$ 8,181	$ 705	$ 333	$ 3,273	$ 20,032
2015	21,289	668	8,335	703	277	3,141	34,413
2016	21,965	672	9,823	701	261	2,959	36,381
2017	17,825	675	6,685	701	262	2,952	29,100
2018	16,398	679	7,980	699	258	2,910	28,924
Thereafter	84,917	-	62,242	-	700	7,877	155,736
Total	$169,270	$ 3,358	$103,246	$ 3,509	$ 2,091	$23,112	$304,586

Final maturities of outstanding debt associated with take-or-pay obligations and related contract expirations are as follows:

Project	Final Maturity	Contract Expiration
Palo Verde Nuclear Generating Station	2017	2030
Southern Transmission System	2027	2027
Hoover Dam Uprating	2017	2017
Mead – Phoenix Transmission	2020	2030
Mead – Adelanto Transmission	2020	2030

In addition to debt service, Riverside's entitlements require the payment of fuel costs, operating and maintenance, administrative and general and other miscellaneous costs associated with the generation and transmission facilities discussed above. These costs do not have a similar structured payment schedule as debt service and vary each year. The costs incurred for the year ended June 30, 2013 and 2012, are as follows (in thousands):

Fiscal Year	IPA	PV	STS	MAT	MPT	Hoover	Total
2013	$26,445	$2,528	$2,405	$ 338	$ 41	$ 97	$31,854
2012	$22,555	$2,843	$2,677	$ 300	$ 40	$ 102	$28,517

These costs are included in production and purchased power or transmission expense on the Statements of Revenues, Expenses and Changes in Net Position.

B. Other Commitments

Power Purchase Agreements:

The Electric Utility has a firm power purchase agreement with Bonneville Power Administration (BPA) for the purchase of capacity (50 megawatts during the summer months and 13 megawatts during the winter months) beginning April 30, 1996, for 20 years. Effective May 1, 1998, these summer and winter capacity amounts increased to 60 megawatts and 15 megawatts, respectively, for the remainder of the second agreement. On January 29, 2013, Riverside revised the delivery and return portion of the agreement to allow for a flat 40 MW of delivery during May and June through calendar year 2013, 2014 and 2015. The Agreement with BPA will terminate on May 1, 2016.

On April 12, 2011, the California Renewable Energy Resources Act (SB 2 (1X)) was passed by the State Legislative and signed by the Governor. SB 2 (1X) revised the amount of statewide retail electricity sales from renewable resources in the State Renewable Energy Resources Program to 33% by December 31, 2020 in three stages: average of 20% of retail sales during 2011-2013; 25% of retail sales by December 31, 2016; and 33% of retail sales by December 31, 2020. The Riverside Public Utilities Board and City Council approved the enforcement program required by SB 2 (1X) on November 18, 2011 and December 13, 2011, respectively, and further approved the City's RPS Procurement plan implementing the new RPS mandates on May 3, 2013 and May 14, 2013, respectively. It is expected that the City will be able to meet the new mandates with new resource procurement actions as outlined in the City's RPS Procurement Plan. For Calendar year 2012, renewable resources provided 21% of retail sales requirements.

In an effort to increase the share of renewables in the Electric Utility's power portfolio, the Electric Utility entered into power purchase agreements with various entities described below on a "take-and-pay" basis. The contracts in the following table were executed as part of compliance with this standard.

Long-term renewable power purchase agreements:

Supplier	Type	Maximum Contract	Contract Expiration	Estimated Annual Cost for 2014
Salton Sea Power LLC	Geothermal	46.0MW	5/31/20	$ 24,170
CalEnergy	Geothermal	86.0MW	12/31/39	-
Wintec	Wind	1.3MW	12/30/18	209
WKN Wagner	Wind	6.0MW	12/22/32	1,100
AP North Lake	Photovoltaic	20.0MW	*	-
Silverado Power				
Summer Solar	Photovoltaic	20.0MW	*	-
Antelope Big Sky Ranch	Photovoltaic	20.0MW	*	-
Total		199.3MW		$25,479

* Power Purchase Agreements have a 25-year term. The contract expiration dates are 25 years from the commercial operation of the power plant. The

plants are expected to become commercially operational by January 1, 2015, but in no event later than December 31, 2015.

All contracts are contingent on energy production from specific related generating facilities. Riverside has no commitment to pay any amounts except for energy produced on a monthly basis from these facilities.

Construction Commitments:

As of June 30, 2013, the Sewer and Electric Utilities had approximately \$185.6 million and \$14.7 million, respectively, in major construction commitments related to unfinished capital projects. The Capital Outlay Fund also had major construction commitments of approximately \$7.5 million related to the renovation and expansion of the Riverside Convention Center. These construction commitments are expected to be funded primarily with current and future bond proceeds.

C. Jointly-Owned Utility Project - SONGS

The City has a 1.79% undivided ownership interest in Units 2 and 3 of SONGS, located south of the City of San Clemente in northern San Diego County; however, on June 7, 2013, Southern California Edison (SCE) announced in a press release its plan to retire Units 2 and 3 of SONGS permanently. Consequently, the units are no longer a source of supply for the Electric Utility, but remain associated with certain of its costs, including those associated with the units' shutdown and decommissioning.

SONGS was operated and maintained by SCE, under an agreement with the City and San Deigo Gas & Electric Company (SDG&E) that expires upon termination of the easement for the plant in 2024. The three-member SONGS Board of Review approved the budget for capital expenditures and operating expenses. The City and the two other owners each had one representative on that board. The participation agreement provided that each owner was entitled to its proportionate share of benefits of, and paid its proportionate share of costs and liabilities incurred by SCE for, construction, operation and maintenance of the project; each owner's obligation was several, and not joint or collective.

In 2005, the CPUC authorized a project to install four new steam generators in Units 2 and 3 at SONGS and remove and dispose of the predecessor generators. SCE completed the installation of these steam generators in 2010 and 2011 for Units 2 and 3, respectively.

Replacement of the steam generators was expected to enable plant operations to continue through at least 2022, and perhaps beyond, subject to the approval of the Nuclear Regulatory Commission (NRC).

In January 2012, a water leak occurred in one of the heat transfer tubes of Unit 3's steam generators, causing it to be shut down. At that time, Unit 2 was off-line for a planned outage when unexpected wear in areas of tube-to-support structure were found. Units 2 and 3 remained off-line for extensive inspections, testing and analysis of their steam generators. Due to challenges encountered during the regulatory process to bring the units back into operation SCE announced on June 7, 2013 its plan to retire Units 2 and 3 permanently.

The current plant site easement for SONGS terminates on May 12, 2024 and would need to be extended in order for the plant to be decommissioned and the site restored.

There are no separate financial statements for the jointly-owned utility plant since each participant's interests in the utility plant and operating expenses are included in their respective financial statements. Due to the retirement of SONGS Units 2 and 3, the asset and associated costs such as nuclear fuel and common facilities inventory has been written off totaling \$41,259 to (see note 18 - Extraordinary Item). The Electric Utility will continue to set aside approximately \$1,600 per year to fund decommissioning costs. The Electric Utility's portion of current and long-term debt associated with the decommissioning of SONGS is included in the accompanying financial statements.

Replacement Power Costs

During the outage, the City has procured replacement power to serve its customers' requirements. These costs are in addition to the operating and maintenance expenses paid annually during normal operations. Replacement power costs incurred by the City as a result of the outage (commencing on January 31, 2012 for Unit 3 and March 5, 2012 for Unit 2) through June 30, 2013 were approximately \$13.2 million and are reported as regulatory assets on the Statements of Net Position.

Contractual Matters

The replacement steam generators for Units 2 and 3 were designed and manufactured by Mitsubishi Heavy Industries (MHI) and were warranted for an initial period of 20 years from acceptance. MHI was contractually obligated to repair or replace defective items and to pay specified damages for certain repairs. On July 18, 2012, the NRC issued a report providing the result of the inspection performed by the Augmented Inspection Team. The inspection concluded that faulty computer modeling that inadequately predicted conditions in the steam generators at SONGS and manufacturing issues contributed to excessive wear of the components. This report also identified a number of still unresolved issues that are continuing to be examined. MHI's liability under the purchase agreement is limited to $138 million and excludes consequential damages, defined to include "the cost of replacement power." The limitations are subject to certain exceptions. SCE has reported that the disagreement with MHI as to whether MHI's liability is not limited to $138 million may ultimately become subject to dispute resolution procedures contained in the purchase agreement, including international arbitration. SCE, on behalf of itself and the other SONGS co-owners, has submitted five invoices to MHI totaling $139 million for steam generator repair costs incurred through February 28, 2013. MHI paid the first invoice of $45 million (of which the City has received its proportional share of $812), while reserving its right to challenge any of the charges in the invoice. In January 2013, MHI advised SCE that it rejected a portion of the first invoice and required further documentation regarding the remainder of it. The City expects to receive its proportional share of any recovery that SCE receives from MHI.

For the year ended June 30, 2013 (amounts expressed in thousands)

There are insurance policies for both property damage and accidental outage issued by Nuclear Electric Insurance Limited (NEIL), and SCE has notified NEIL of claims under the two policies. The City is a named insured on the SCE insurance policies covering SONGS and will assist SCE in pursuing claims recoveries from NEIL, as well as warranty claims with MHI, but there is no assurance that the City will recover all or any of its applicable costs under these arrangements. To the extent that any third-party recoveries are made, they will reduce cost to the Utility. At this time, the City continues to collect from customers, through its rates, the City's share of the operating costs related to SONGS.

According to a news release issued by SCE on July 18, 2013, SCE served a formal Notice of Dispute on MHI and Mitsubishi Nuclear Energy Systems and initiated a 90-day dispute resolution process under the purchase agreement. On July 18, 2013, the City filed a lawsuit against MHI for breach of contract, negligence and misrepresentation in San Diego County Superior Court. On July 24, 2013, MHI moved the lawsuit to the United States District Court for the Southern District of California.

18. Extraordinary Item

On June 7, 2013, SCE announced its decision to retire Units 2 and 3 of SONGS permanently. Consequently, the units are no longer a source of supply for the Electric Utility. As a result, capital assets associated with Units 2 and 3 with a combined net book value of $29,075 were considered impaired and expensed. The associated nuclear fuel with a net book value of $10,149 and common facilities inventory with a net book value of $2,035 were also considered impaired and expensed. The total loss of $41,259 is reported as an extraordinary item on the Statement of Revenues, Expenses and Changes in Net Position.

19. Accounting Change

The accompanying financial statements reflect the implementation of GASB Statements Nos. 63 and 65. Significant impacts of GASB Statement No. 63 include changing the title of the statement of net assets to the statement of net position and reformatting the statement of net position to add separate sections for deferred inflows of resources and deferred outflows of resources. Significant impacts of GASB Statement No. 65 include reclassifying as deferred inflows of resources and deferred outflows of resources certain balances that were previously reported as assets and liabilities. GASB Statement No. 65 also required that debt issuance costs be reported as expenses when incurred. The retroactive effects of implementing this change in reporting debt issuance costs resulted in a restatement of beginning net position as set forth below:

	Governmental Activities	Successor Agency Private-Purpose Trust Fund
Net position/(deficit) at beginning of year, as previously reported	$1,189,167	$(194,543)
Adjustment to recognize debt issuance costs as an expense of prior periods	(3,212)	(5,215)
Net position/(deficit) at beginning of year, as restated	$1,185,955	$(199,758)

20. Subsequent Events

2013 Electric Revenue Refunding Bonds:

On July 25, 2013 the City issued $79,080 of 2013 Electric Revenue Refunding Series A Bonds and $780 of Taxable Electric Revenue Series B Bonds. The bonds were issued to: prepay the outstanding obligation to the City of Corona related to the Clearwater Power Plant; to refund certain outstanding variable rate bonds; and to pay a portion of the termination cost associated with the interest rate swaps allocated or related to the refunded portions of the applicable bonds. Interest on the Series A bonds is payable semi-annually on April 1 and October 1, commencing October 1, 2013. Principal is due in annual installments from $175 to $12,685 through October 1, 2043. The rate of interest varies from 3% to 5.25% per annum. Series B bonds, with an interest rate of 0.5%, is due in one installment of $780 on October 1, 2013.

2013 Certificates of Participation:

In July 2013 the City issued Series 2013 Certificates of Participation in the amount of $35,235. The Certificates of Participation were issued to finance the design, acquisition, and construction of certain local roadway improvements and street resurfacing projects within the City. Interest is due semi-annually on June 1 and December 1, commencing December 1, 2013. The rate of interest varies from 4.00% to 5.25% per annum. Principal is payable in annual installments ranging from $1,285 to $2,855 commencing June 1, 2016 and ending June 1, 2033.

CITY OF
RIVERSIDE

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Urban Areas Security Initiative (UASI) Fund – To account for UASI grants received from the U.S. Department of Homeland Security.

Gas Tax Fund – To account for the construction and maintenance of the road network system of the City. Financing is provided by the City's share of state gasoline taxes which state law requires to be used to maintain streets.

Air Quality Improvements Fund – To account for qualified air pollution reduction programs funded by the South Coast Air Quality Management District.

Housing & Community Development Fund – To account for Federal grants received from the Department of Housing and Urban Development (HUD). The grants are used for the development of a viable urban community by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons with low and moderate incomes.

National Pollution Discharge Elimination System (NPDES) Storm Drain Fund – To account for storm drain maintenance and inspection required for California storm water permits. Activities are funded by a special assessment district of Riverside County, California.

Housing Fund – To account for the housing activities for persons with low or moderate income.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Special Capital Improvement Fund – To account for the acquisition, construction and installation of capital improvements and a Community Facilities District within the City.

Storm Drain Fund – To account for the acquisition, construction and installation of storm drains in the City.

Transportation Fund – To account for the construction and installation of street and highway improvements in accordance with Articles 3 and 8 of the Transportation Development Act of 1971 of the State of California.

Debt Service Fund

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

The **General Debt Service Fund** accounts for the resources accumulated and payments made for principal, interest and related costs on long-term general obligation debt of governmental funds.

Permanent Fund

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Library Special Fund – To account for the monies held in trust for the benefit of the Riverside City Public Library System.

City of Riverside
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013
(amounts expressed in thousands)

	Special Revenue						
Assets	**Urban Areas Security Initiative**	**Gas Tax**	**Air Quality Improvements**	**Housing & Community Development**	**NPDES Storm Drain**	**Housing**	**Total**
Cash and investments	$ -	$ 14,529	$ 314	$ 384	$ -	$ 1,947	$ 17,174
Cash and investments at fiscal agent	-	-	218	-	-	192	410
Receivable (net of allowance for uncollectibles):							
Interest	-	78	2	5	-	13	98
Accounts	-	-	-	2	-	-	2
Intergovernmental	371	134	-	3,005	302	-	3,812
Notes	-	-	-	12,415	-	20,630	33,045
Prepaid items	-	-	-	2	-	-	2
Advances to Successor Agency	-	-	-	-	-	20,571	20,571
Land & improvements held for resale	-	-	-	1,404	-	3,305	4,709
Total assets	$ 371	$ 14,741	$ 534	$ 17,217	$ 302	$ 46,658	$ 79,823
Liabilities							
Accounts payable	$ 251	$ 391	$ 74	$ 2,022	$ -	$ 30	$ 2,768
Accrued payroll	-	-	-	25	-	-	25
Deposits	-	-	-	-	-	20	20
Due to other funds	120	-	-	-	126	-	246
Advance from other funds	-	-	-	539	-	458	997
Total liabilities	371	391	74	2,586	126	508	4,056
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	13,819	-	20,552	34,371
Total deferred inflows of resources	-	-	-	13,819	-	20,552	34,371
Fund Balances (Deficits)							
Restricted for:							
Housing and redevelopment	-	-	-	812	-	25,598	26,410
Transportation and public works	-	14,350	460	-	176	-	14,986
Total fund balances (deficits)	-	14,350	460	812	176	25,598	41,396
Total liabilities deferred inflows of resources, and fund balances (deficits)	$ 371	$ 14,741	$ 534	$ 17,217	$ 302	$ 46,658	$ 79,823

City of Riverside
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013
(amounts expressed in thousands)

	Capital Projects					Permanent Fund	
Assets	**Special Capital Improvement**	**Storm Drain**	**Transportation**	**Total**	**General Debt Service**	**Library Special**	**Total Nonmajor Governmental Funds**
Cash and investments	$ 2,951	$ 1,985	$ 69	$ 5,005	$ 710	$ 1,441	$ 24,330
Cash and investments at fiscal agent	4,164	-	-	4,164	10,343	-	14,917
Receivable (net of allowance for uncollectibles):							
Interest	25	10	-	35	-	-	133
Accounts	-	-	-	-	-	-	2
Intergovernmental	-	-	-	-	-	-	3,812
Notes	-	-	-	-	-	-	33,045
Prepaid items	-	-	-	-	-	-	2
Advances to Successor Agency	-	-	-	-	19,168	-	39,739
Land & improvements held for resale	-	-	-	-	-	-	4,709
Total assets	$ 7,140	$ 1,995	$ 69	$ 9,204	$ 30,221	$ 1,441	$ 120,689
Liabilities							
Accounts payable	$ 213	$ 24	$ -	$ 237	$ 158	$ -	$ 3,163
Accrued payroll	-	-	-	-	-	-	25
Retainage payable	33	-	-	33	-	-	33
Deposits	-	-	-	-	-	-	20
Due to other funds	-	-	-	-	-	-	246
Advance from other funds	6,862	-	-	6,862	4,179	-	12,038
Total liabilities	7,108	24	-	7,132	4,337	-	15,525
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	-	-	-	34,371
Total deferred inflows of resources	-	-	-	-	-	-	34,371
Fund Balances (Deficits)							
Nonspendable:							
Permanent fund principal	-	-	-	-	-	1,441	1,441
Restricted for:							
Housing and redevelopment	-	-	-	-	-	-	26,410
Debt Service	-	-	-	-	25,884	-	25,884
Transportation and public works	-	-	69	69	-	-	15,055
Other purposes	32	1,971	-	2,003	-	-	2,003
Total fund balances (deficits)	32	1,971	69	2,072	25,884	1,441	70,793
Total liabilities, deferred inflows of resources, and fund balances (deficits)	$ 7,140	$ 1,995	$ 69	$ 9,204	$ 30,221	$ 1,441	$ 120,689

City of Riverside
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Special Revenue						
	Urban Area Security Initiative	**Gas Tax**	**Air Quality Improvement**	**Housing & Community Development**	**NPDES Storm Drain**	**Housing**	**Total**
Revenues							
Intergovernmental	$ 4,745	$ 7,078	$ 369	$ 7,738	$ -	$ -	$ 19,930
Special assessments	-	-	-	-	837	-	837
Rental and investment income	-	65	-	18	-	101	184
Miscellaneous	-	-	255	851	-	729	1,835
Total revenues	4,745	7,143	624	8,607	837	830	22,786
Expenditures							
Current:							
General government	-	-	1,059	1,384	-	1,250	3,693
Public safety	4,745	-	-	-	-	-	4,745
Capital outlay	-	4,808	-	7,273	661	-	12,742
Debt service:	-						
Interest	-	-	-	14	-	5	19
Bond issuance costs	-			12	-	-	12
Total expenditures	4,745	4,808	1,059	8,683	661	1,255	21,211
Excess (deficiency) of revenues over (under) expenditures	-	2,335	(435)	(76)	176	(425)	1,575
Other financing sources (uses)							
Transfers in	-	-	-	-	-	1,111	1,111
Transfers out	-	-	-	(961)	-	(150)	(1,111)
Capital lease proceeds	-	-	218	-	-	-	218
Total other financing sources (uses)	-	-	218	(961)	-	961	218
Net change in fund balances	-	2,335	(217)	(1,037)	176	536	1,793
Fund balances - beginning	-	12,015	677	1,849	-	25,062	39,603
Fund balances - ending	$ -	$ 14,350	$ 460	$ 812	$ 176	$ 25,598	$ 41,396

City of Riverside
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Capital Projects					Permanent Fund	
	Special Capital Improvement	Storm Drain	Transportation	Total	General Debt Service	Library Special	Total Nonmajor Governmental Funds
Revenues							
Licenses and permits	$ 2,499	$ 279		$ 2,778	$ -	$ -	2,778
Intergovernmental	-	-	96	96	-	-	20,026
Special assessments	-	-	-	-	1,056	-	1,893
Rental and investment income	22	-	1	23	1,399	13	1,619
Miscellaneous	3,912	-	39	3,951	770	-	6,556
Total revenues	6,433	279	136	6,848	3,225	13	32,872
Expenditures							
Current:							
General government	131	3	-	134	45	-	3,872
Public safety	-	-	-	-	-	-	4,745
Culture and recreation	53	-	-	53	-	111	164
Capital outlay	3,617	669	96	4,382	-	-	17,124
Debt service:							
Principal	-	-	-	-	3,555	-	3,555
Interest	79	-	-	79	8,237	-	8,335
Bond issuance costs	-	-	-	-	220	-	232
Payment to escrow account for advance refunding	-	-	-	-	3,521	-	3,521
Total expenditures	3,880	672	96	4,648	15,578	111	41,548
Excess (deficiency) of revenues over (under) expenditures	2,553	(393)	40	2,200	(12,353)	(98)	(8,676)
Other financing sources (uses)							
Transfers in	-	-	-	-	11,346	-	12,457
Transfers out	(1,558)	-	-	(1,558)	(2,411)	-	(5,080)
Issuance of long-term debt	-	-	-	-	41,240	-	41,240
Capital lease proceeds	-	-	-	-	-	-	218
Other financing source - bond premium	-	-	-	-	2,573	-	2,573
Payment to escrow account for advance refunding	-	-	-	-	(43,591)	-	(43,591)
Total other financing sources (uses)	(1,558)	-	-	(1,558)	9,157	-	7,817
Net change in fund balances	995	(393)	40	642	(3,196)	(98)	(859)
Fund balances - beginning	(963)	2,364	29	1,430	29,080	1,539	71,652
Fund balances - ending	$ 32	$ 1,971	$ 69	$ 2,072	$ 25,884	$ 1,441	$ 70,793

City of Riverside
Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Special Revenue								
	Urban Area Security Initiative			Gas Tax			Air Quality Improvement		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
Revenues									
Intergovernmental	$ 7,864	$ 4,745	$ (3,119)	$ 7,795	$ 7,078	$ (717)	$ 342	$ 369	$ 27
Rental and investment income	-	-	-	150	65	(85)	-	-	-
Miscellaneous	-	-	-	-	-	-	186	255	69
Total revenues	7,864	4,745	(3,119)	7,945	7,143	(802)	528	624	96
Expenditures									
Current:									
General government	-	-	-	-	-	-	1,361	1,059	302
Public safety	7,864	4,745	3,119	-	-	-	-	-	-
Capital outlay	-	-	-	16,542	4,808	11,734	-	-	-
Total expenditures	7,864	4,745	3,119	16,542	4,808	11,734	1,361	1,059	302
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(8,597)	2,335	10,932	(833)	(435)	398
Other financing sources (uses)									
Capital lease proceeds	-	-	-	-	-	-	-	218	218
Total other financing sources (uses)	-	-	-	-	-	-	-	218	218
Net change in fund balances	-	-	-	(8,597)	2,335	10,932	(833)	(217)	616
Fund balances (deficit), beginning	-	-	-	12,015	12,015	-	677	677	-
Fund balances (deficit), ending	$ -	$ -	$ -	$ 3,418	$ 14,350	$ 10,932	$ (156)	$ 460	$ 616

(continued)

City of Riverside
Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Special Revenue								
	Housing & Community Development			NPDES Storm Drain			Housing		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
Revenues									
Intergovernmental	$ 7,044	$ 7,738	$ 694	$ -	$ -	$ -	$ -	$ -	$ -
Special assessments	-	-	-	832	837	5	-	-	-
Rental and investment income	8	18	10	-	-	-	14	101	87
Miscellaneous	483	851	368	-	-	-	31	729	698
Total revenues	7,535	8,607	1,072	832	837	5	45	830	785
Expenditures									
Current:									
General government	1,066	1,384	(318)	-	-	-	1,700	1,250	450
Capital outlay	16,138	7,273	8,865	836	661	175	172	-	172
Debt service:									
Interest	20	14	6	-	-	-	-	5	(5)
Bond issuance costs	18	12	6	-	-	-	-	-	-
Total expenditures	17,242	8,683	8,559	836	661	175	1,872	1,255	617
Excess (deficiency) of revenues over (under) expenditures	(9,707)	(76)	9,631	(4)	176	180	(1,827)	(425)	1,402
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	1,111	1,111	-
Transfers out	(961)	(961)	-	-	-	-	(150)	(150)	-
Total other financing sources (uses)	(961)	(961)	-	-	-	-	961	961	-
Net change in fund balances	(10,668)	(1,037)	9,631	(4)	176	180	(866)	536	1,402
Fund balances (deficit), beginning	1,849	1,849	-	-	-	-	25,062	25,062	-
Fund balances (deficit), ending	$ (8,819)	$ 812	$ 9,631	$ (4)	$ 176	$ 180	$ 24,196	$ 25,598	$ 1,402

(continued)

City of Riverside
Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Capital Projects											
	Capital Outlay			Special Capital Improvement			Storm Drain			Transportation		
	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget	Final Budget	Actual	Variance to Final Budget
Revenues												
Licenses and permits	$ -	$ -	$ -	$ 2,500	$ 2,499	$ (1)	$ 100	$ 279	$ 179	$ -	$ -	$ -
Intergovernmental	82,836	22,076	(60,760)	-	-	-	2,824	-	(2,824)	200	96	(104)
Special assessments	65	370	305	-	-	-	-	-	-	-	-	-
Rental and investment income	175	111	(64)	-	22	22	60	-	(60)	-	1	1
Miscellaneous	5,683	2,234	(3,449)	-	3,912	3,912	-	-	-	-	39	39
Total revenues	88,759	24,791	(63,968)	2,500	6,433	3,933	2,984	279	(2,705)	200	136	(64)
Expenditures												
Current:												
General government	-	-	-	-	131	(131)	-	3	(3)	-	-	-
Culture and recreation	-	-	-	-	53	(53)	4,967	669	4,298	-	-	-
Capital outlay	180,206	66,257	113,949	3,843	3,617	226	-	-	-	117	96	21
Debt service:												
Interest	-	-	-	208	79	129	-	-	-	-	-	-
Bond issuance costs	-	255	(255)	-	-	-	-	-	-	-	-	-
Total expenditures	180,206	66,512	113,694	4,051	3,880	171	4,967	672	4,295	117	96	21
Excess (deficiency) of revenues over (under) expenditures	(91,447)	(41,721)	49,726	(1,551)	2,553	4,104	(1,983)	(393)	1,590	83	40	(43)
Other financing sources (uses)												
Transfers out	(201)	(201)	-	(1,558)	(1,558)	-	-	-	-	-	-	-
Issuance of long-term debt	-	25,000	25,000	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(201)	24,799	25,000	(1,558)	(1,558)	-	-	-	-	-	-	-
Net change in fund balances	(91,648)	(16,922)	74,726	(3,109)	995	4,104	(1,983)	(393)	1,590	83	40	(43)
Fund balances (deficit), beginning	18,354	18,354	-	(963)	(963)	-	2,364	2,364	-	29	29	-
Fund balances (deficit), ending	$ (73,294)	$ 1,432	$ 74,726	$ (4,072)	$ 32	$ 4,104	$ 381	$ 1,971	$ 1,590	$ 112	$ 69	$ (43)

CITY OF
RIVERSIDE

Nonmajor Enterprise Funds

Enterprise Funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises. The City's intent is to demonstrate that the cost of services provided to the general public on a continuing basis is financed or recovered through user charges; or the City has decided that the periodic determination of net income is appropriate for accountability purposes.

Airport Fund – To account for the operations of the City's airport.

Refuse Fund – To account for the operations of the City's solid waste and sanitation program which provides for the collection and disposal of solid waste on a user charge basis to residents and businesses.

Transportation – To account for the operations of the City's Senior Citizens' and Handicapped Transportation System in accordance with Article 4 of the Transportation Development Act of 1971 (SB325) of the State of California. Federal Transit Administration Funds are also accounted for in this fund.

Public Parking – To account for the operations and construction of the City's public parking facilities.

City of Riverside
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2013
(amounts expressed in thousands)

Assets	**Airport**	**Refuse**	**Transportation**	**Public Parking**	**Total**
Current assets:					
Cash and investments	$ -	$ 1,188	$ 2,516	$ 1	$ 3,705
Receivables (net of allowance for uncollectibles)					
Interest	-	14	10	1	25
Utility billed	-	1,033	-	-	1,033
Utility unbilled	-	699	-	-	699
Accounts	54	733	1	1,109	1,897
Intergovernmental	183	-	629	3	815
Restricted assets:					
Other restricted cash and cash equivalents	-	1,185	-	-	1,185
Total current assets	237	4,852	3,156	1,114	9,359
Non-current assets:					
Regulatory assets	-	6,905	-	-	6,905
Net pension asset	223	1,216	585	164	2,188
Capital assets:					
Land	9,988	-	-	11,271	21,259
Buildings	2,631	-	22	32,855	35,508
Accumulated depreciation-buildings	(1,179)	-	(9)	(3,771)	(4,959)
Improvements other than buildings	19,023	-	1,659	6,204	26,886
Accumulated depreciation-improvements other than buildings	(5,908)	-	(15)	(1,340)	(7,263)
Machinery and equipment	412	14,757	3,263	1,633	20,065
Accumulated depreciation-machinery and equipment	(278)	(8,997)	(2,496)	(1,413)	(13,184)
Construction in progress	615	-	-	-	615
Total non-current assets:	25,527	13,881	3,009	45,603	88,020
Total assets	25,764	18,733	6,165	46,717	97,379

(continued)

City of Riverside
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2013
(amounts expressed in thousands)

Liabilities	**Airport**	**Refuse**	**Transportation**	**Public Parking**	**Total**
Current liabilities:					
Accounts payable	127	720	6	501	1,354
Accrued payroll	13	100	42	21	176
Unearned revenue	176	-	2,589	-	2,765
Deposits	1	-	-	-	1
Due to other funds	453	-	-	850	1,303
Capital leases-current	-	-	7	-	7
Notes payable - current	-	-	-	871	871
Landfill capping - current	-	200	-	-	200
Compensated absences - current	40	340	61	52	493
Total current liabilities	810	1,360	2,705	2,295	7,170
Non-current liabilities:					
Notes payables	-	-	-	22,092	22,092
Capital leases	-	-	1	-	1
Advances from other funds	222	1,211	583	754	2,770
Landfill capping	-	6,257	-	-	6,257
Compensated absences	-	185	-	-	185
Other postemployment benefits	86	714	323	150	1,273
Total non-current liabilities	308	8,367	907	22,996	32,578
Total liabilities	1,118	9,727	3,612	25,291	39,748
Net Position					
Net investment in capital assets	25,304	5,760	2,416	22,476	55,956
Restricted for landfill capping	-	1,185	-	-	1,185
Unrestricted	(658)	2,061	137	(1,050)	490
Total net position	$ 24,646	$ 9,006	$ 2,553	$ 21,426	$ 57,631

City of Riverside
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Airport	Refuse	Transportation	Public Parking	Total
Operating revenues:					
Charges for services	$ 1,396	$ 20,829	$ 344	$ 4,777	$ 27,346
Operating expenses:					
Personnel services	635	4,662	2,041	1,019	8,357
Contractual services	53	3,956	21	1,374	5,404
Maintenance and operation	255	5,717	463	507	6,942
General	153	3,552	385	255	4,345
Materials and supplies	225	911	178	7	1,321
Insurance	32	139	48	144	363
Depreciation and amortization	661	1,532	582	801	3,576
Total operating expenses	2,014	20,469	3,718	4,107	30,308
Operating Income (loss)	(618)	360	(3,374)	670	(2,962)
Nonoperating revenues (expenses):					
Operating grants	-	-	2,718	-	2,718
Interest income	-	4	5	-	9
Other	(5)	257	(7)	704	949
Gain/loss on retirement of capital assets	-	(55)	3	-	(52)
Interest expense and fiscal charges	(15)	(57)	(27)	(944)	(1,043)
Total non-operating revenues	(20)	149	2,692	(240)	2,581
Income before capital contributions and transfers	(638)	509	(682)	430	(381)
Cash capital contributions	762	-	480	-	1,242
Transfers in	-	33	33	2,211	2,277
Transfers out	-	-	-	(840)	(840)
Change in net position	124	542	(169)	1,801	2,298
Total net position - beginning	24,522	8,464	2,722	19,625	55,333
Total net position - ending	$ 24,646	$ 9,006	$ 2,553	$ 21,426	$ 57,631

City of Riverside
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Airport	Refuse	Transportation	Public Parking	Totals
Cash flows from operating activities:					
Cash received from customers and users	$ 1,423	$ 20,182	$ 670	$ 3,739	$ 26,014
Cash paid to employees for services	(610)	(4,475)	(1,962)	(996)	(8,043)
Cash paid to other suppliers of goods or services	(632)	(14,435)	(836)	(6,288)	(22,191)
Other receipts	(5)	257	3,191	704	4,147
Net cash provided (used) by operating activities	176	1,529	1,063	(2,841)	(73)
Cash flows from noncapital financing activities:					
Transfers in	-	33	33	2,211	2,277
Transfers out	-	-	-	(840)	(840)
Advances from (to) other funds	105	(23)	(11)	370	441
Payments on interfund receivables	(4)	-	-	-	(4)
Net cash provided (used) by noncapital financing activities	101	10	22	1,741	1,874
Cash flows from capital and related financing activities:					
Purchase of capital assets	(1,024)	(2,662)	(362)	(6,571)	(10,619)
Proceeds from the sale of capital assets	-	-	3	-	3
Principal paid on long-term obligations	-	-	(21)	(838)	(859)
Interest paid on long-term obligations	(15)	(57)	(27)	(928)	(1,027)
Capital contributions	762	-	-	-	762
Net cash (used) provided for capital and related financing activities	(277)	(2,719)	(407)	(8,337)	(11,740)
Cash flows from investing activities:					
Income (loss) from investments	-	8	-	(12)	(4)
Net cash provided by investing activities	-	8	-	(12)	(4)
Net change in cash and cash equivalents	-	(1,172)	678	(9,449)	(9,943)
Cash and cash equivalents, beginning	-	3,545	1,838	9,450	14,833
Cash and cash equivalents, ending	$ -	$ 2,373	$ 2,516	$ 1	$ 4,890

continued

City of Riverside
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Airport	Refuse	Transportation	Public Parking	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ (618)	$ 360	$ (3,374)	$ 670	$ (2,962)
Other receipts	171	257	3,191	704	4,323
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	661	1,532	582	801	3,576
Amortization of net pension asset	8	43	21	7	79
(Increase) decrease in accounts receivable	34	(647)	326	(1,103)	(1,390)
Increase (decrease) in intergovernmental receivables	(183)	-	-	65	(118)
Increase (decrease) in accounts payable	86	78	259	(4,001)	(3,578)
Decrease in accrued payroll	(4)	(531)	(12)	(17)	(564)
Increase in other payables	21	675	70	33	799
Decrease in landfill capping	-	(238)	-	-	(238)
Net cash provided (used) by operating activities	$ 176	$ 1,529	$ 1,063	$ (2,841)	$ (73)

CITY OF
RIVERSIDE

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one City department to other City departments on a cost-reimbursement basis.

Self-Insurance Trust – To account for the operations of the City's self-insured workers' compensation, unemployment and liability programs.

Central Stores Fund – To account for the operations of the City's centralized supplies inventory, including receiving and delivery services provided to City departments.

Central Garage Fund – To account for the maintenance and repair of all city-owned vehicles and motorized equipment, except for Police vehicles.

City of Riverside
Combining Statement of Net Position
Internal Service Funds
June 30, 2013
(amounts expressed in thousands)

Assets	**Self-Insurance Trust**	**Central Stores**	**Central Garage**	**Total**
Current assets:				
Cash and investments	$ -	$ -	$ 4,209	$ 4,209
Receivables (net of allowance for uncollectibles)				
Interest	28	-	19	47
Accounts	6	-	44	50
Intergovernmental	49	-	11	60
Inventory	-	6,255	435	6,690
Total current assets	83	6,255	4,718	11,056
Non-current assets:				
Advances to other funds	4,767	-	-	4,767
Advances to Successor Agency	5,578	-	-	5,578
Net pension asset	214	224	1,007	1,445
Capital assets:				
Buildings	-	-	2,084	2,084
Accumulated depreciation-buildings	-	-	(294)	(294)
Machinery and equipment	-	139	9,444	9,583
Accumulated depreciation-machinery and equipment	-	(139)	(8,021)	(8,160)
Total non-current assets:	10,559	224	4,220	15,003
Total assets	10,642	6,479	8,938	26,059
Liabilities				
Current liabilities:				
Accounts payable	212	259	454	925
Accrued payroll	11	15	64	90
Due to other funds	265	2,521	-	2,786
Claims and judgments - current	19,337	-	-	19,337
Compensated absences - current	32	53	164	249
Total current liabilities	19,857	2,848	682	23,387
Non-current liabilities:				
Advances from other funds	213	223	1,003	1,439
Claims and judgments	12,232	-	-	12,232
Compensated absences	-	35	208	243
Other postemployment benefits	79	95	406	580
Total non-current liabilities	12,524	353	1,617	14,494
Total liabilities	32,381	3,201	2,299	37,881
Net Position				
Net investment in capital assets	-	-	3,213	3,213
Unrestricted	(21,739)	3,278	3,426	(15,035)
Total net position	$ (21,739)	$ 3,278	$ 6,639	$ (11,822)

City of Riverside
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Self-Insurance Trust	Central Stores	Central Garage	Totals
Operating revenues:				
Charges for services	$ 12,430	$ 1,594	$ 7,215	$ 21,239
Operating expenses:				
Personnel services	481	653	2,732	3,866
Contractual services	65	-	56	121
Maintenance and operation	4	32	2,369	2,405
General	977	296	690	1,963
Materials and supplies	-	11	200	211
Claims/Insurance	17,846	9	52	17,907
Depreciation and amortization	-	3	542	545
Total operating expenses	19,373	1,004	6,641	27,018
Operating income (loss)	(6,943)	590	574	(5,779)
Non-operating revenues (expenses):				
Interest income	204	-	45	249
Other	(14)	-	-	(14)
Gain (loss) on retirement of capital assets	-	-	4	4
Interest expense and fiscal charges	(85)	(10)	(47)	(142)
Total non-operating revenue (expenses)	105	(10)	2	97
Income before capital contributions and transfers	(6,838)	580	576	(5,682)
Transfers out	-	-	(132)	(132)
Change in net position	(6,838)	580	444	(5,814)
Total net position - beginning	(14,901)	2,698	6,195	(6,008)
Total net position - ending	$ (21,739)	$ 3,278	$ 6,639	$ (11,822)

City of Riverside
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Self-Insurance Trust	Central Stores	Central Garage	Total
Cash flows from operating activities:				
Cash received from customers and users	$ 12,498	$ 1,594	$ 7,318	$ 21,410
Cash paid to employees for services	(453)	(623)	(3,083)	(4,159)
Cash paid to other suppliers of goods or services	(14,743)	(957)	(2,622)	(18,322)
Other	(14)	-	-	(14)
Net cash provided (used) by operating activities	(2,712)	14	1,613	(1,085)
Cash flows from noncapital financing activities:				
Advances from interfund receivables	(4)	-	-	(4)
Operating transfers out	-	-	(132)	(132)
Advances from (to) other funds	661	(4)	(19)	638
Net cash provided (used) by noncapital financing activities	657	(4)	(151)	502
Cash flows from capital and related financing activities:				
Interest paid on long-term obligation	(85)	(10)	(47)	(142)
Loss from the sale of capital assets	-	-	4	4
Purchase of capital assets	-	-	(446)	(446)
Net cash (used) for capital and related financing activities	(85)	(10)	(489)	(584)
Cash flows from investing activities:				
Income from investments	144	-	38	182
	144	-	38	182
Net increase in cash and cash equivalents	(1,996)	-	1,011	(985)
Cash and cash equivalents, beginning	1,996	-	3,198	5,194
Cash and cash equivalents, ending	$ -	$ -	$ 4,209	$ 4,209

continued

City of Riverside
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

Reconciliation of operating income to net cash provided (used) by operating activities:	Self-Insurance Trust	Central Stores	Central Garage	Total
Operating income (loss)	$ (6,943)	$ 590	$ 574	$ (5,779)
Other disbursements	(14)	-	-	(14)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	-	3	542	545
Amortization of net pension asset	-	8	37	45
Decrease in accounts receivable	68	-	103	171
Decrease in inventory	-	94	3	97
(Decrease) increase in accounts payable	(135)	30	281	176
Increase in other payables	21	106	451	578
(Decrease) in accrued payroll	-	(85)	(378)	(463)
Increase (decrease) in due to other funds	265	(732)	-	(467)
Increase in claims and judgments	4,026	-	-	4,026
Net cash provided (used) by operating activities	$ (2,712)	$ 14	$ 1,613	$ (1,085)

Agency Fund

The City’s Agency Fund is used to account for special assessments that service no-commitment debt.

City of Riverside
Fiduciary Fund - Agency Fund
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended June 30, 2013
(amounts expressed in thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Assets				
Cash and investments	$ 7,515	$ 5,646	$ 6,473	$ 6,688
Cash and investments at fiscal agent	6,569	10,772	10,563	6,778
Interest receivable	28	252	247	33
Accounts receivable	-	24	-	24
Property taxes receivable	406	125	407	124
Total assets	$ 14,518	$ 16,819	$ 17,690	$ 13,647
Liabilities				
Accounts payable	$ -	$ 91	$ 91	-
Held for bond holders	14,518	16,819	17,690	13,647
Total liabilities	$ 14,518	$ 16,910	$ 17,781	$ 13,647

CITY OF
RIVERSIDE

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

City of Riverside
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2013
(amounts expressed in thousands)

Governmental funds capital assets:		
Land	$	325,215
Buildings and improvements		180,337
Improvements other than buildings		250,021
Machinery and equipment		79,782
Infrastructure		910,700
Construction in progress		38,515
Total governmental funds capital assets	$	1,784,570

Investments in governmental funds capital assets by source:		
Certificates of participation	$	122,429
Gifts		313,087
Operating revenue		515,738
General obligation bonds		4,484
Revenue bonds		21,229
County contracts and grants		100
State grants		40,442
Asset forfeiture - state		1,008
Asset forfeiture - federal		2,647
Housing and community development grants		18,545
Other federal grants		34,639
Community facilities bonds		1,026
Assessment district bonds		397
Capital leases		7,930
RDA tax increment bonds		2,278
Capital projects funds		698,591
Total governmental funds capital assets	$	1,784,570

CITY OF
RIVERSIDE

Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>**Contents**</u> <u>**Page**</u>

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1
City of Riverside
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

(in thousands)

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**[1]	**2013**
Governmental activities										
Invested in capital assets, net of related debt	$ 484,784	$ 515,354	$ 622,336	$ 712,801	$ 850,740	$ 950,496	$ 976,614	$ 1,019,892	$ 1,076,485	$ 1,083,485
Restricted	137,126	154,957	158,038	107,982	102,677	98,903	108,932	80,820	86,325	80,712
Unrestricted	(41,353)	(46,419)	(51,261)	(34,245)	(31,429)	(41,861)	(80,947)	(90,159)	23,145	17,989
Total governmental activities net position	$ 580,557	$ 623,892	$ 729,113	$ 786,538	$ 921,988	$ 1,007,538	$ 1,004,599	$ 1,010,553	$ 1,185,955	$ 1,182,186
Business-type activities										
Invested in capital assets, net of related debt	$ 341,041	$ 402,377	$ 425,285	$ 520,059	$ 601,999	$ 659,904	$ 660,619	$ 654,974	$ 666,919	$ 609,691
Restricted	49,242	54,540	71,386	57,613	43,341	38,621	59,863	56,397	54,923	69,068
Unrestricted	217,762	229,462	250,041	242,966	225,281	207,405	219,720	256,038	285,062	330,833
Total business-type activities net position	$ 608,045	$ 686,379	$ 746,712	$ 820,638	$ 870,621	$ 905,930	$ 940,202	$ 967,409	$ 1,006,904	$ 1,009,592
Primary government										
Invested in capital assets, net of related debt	$ 825,825	$ 917,731	$ 1,047,621	$ 1,232,860	$ 1,452,739	$ 1,610,400	$ 1,637,233	$ 1,674,866	$ 1,743,404	$ 1,693,176
Restricted	186,368	209,497	229,424	165,595	146,018	137,524	168,795	137,217	141,248	149,780
Unrestricted	176,409	183,043	198,780	208,721	193,852	165,544	138,773	165,879	308,207	348,822
Total primary government net position	$ 1,188,602	$ 1,310,271	$ 1,475,825	$ 1,607,176	$ 1,792,609	$ 1,913,468	$ 1,944,801	$ 1,977,962	$ 2,192,859	$ 2,191,778

[1] The increase in total governmental activities net position (and related unrestricted net position) is due to the due to the dissolution of the Redevelopment Agency.

(in thousands) Page 1 of 2

Table 2
City of Riverside
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	$ 63,000	$ 58,460	$ 74,458	$ 105,486	$ 113,897	$ 71,391	$ 85,110	$ 72,606	$ 48,731	$ 54,808
Public safety	102,500	110,969	120,470	114,312	122,783	142,353	137,338	139,364	148,605	147,652
Highways and streets	22,017	20,364	20,757	22,556	26,986	29,700	31,492	32,131	35,342	35,072
Culture and Recreation	22,988	26,353	32,602	28,016	31,659	29,423	44,319	50,017	54,594	40,077
Interest on long-term debt	10,996	15,885	16,358	26,378	34,075	34,361	32,049	33,638	25,087	16,627
Total governmental activities expenses	221,501	232,031	264,645	296,748	329,400	307,228	330,308	327,756	312,359	294,236
Business-type activities:										
Electric	196,727	200,030	226,186	232,346	271,412	269,209	256,860	275,922	288,799	292,175
Water	33,921	36,709	39,486	42,108	47,570	53,931	55,402	56,390	56,715	58,768
Sewer	23,273	26,108	27,299	29,510	31,209	34,853	41,248	42,276	43,702	43,945
Refuse	11,510	12,841	14,546	16,490	18,430	18,425	20,527	20,046	19,979	20,581
Airport	1,088	1,185	1,004	1,201	1,418	1,734	2,206	2,320	2,646	2,029
Transportation	2,286	2,557	2,917	2,831	3,190	3,194	3,368	3,493	3,667	3,745
Public parking	1,389	824	2,701	3,762	4,093	5,095	4,024	4,401	4,984	5,051
Total business-type activities expenses	270,194	280,254	314,139	328,248	377,322	386,441	383,635	404,848	420,492	426,294
Total primary government expenses	$ 491,695	$ 512,285	$ 578,784	$ 624,996	$ 706,722	$ 693,669	$ 713,943	$ 732,604	$732,851	$720,530
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 26,160	$ 25,995	$ 24,683	$ 10,245	$ 23,969	$ 13,691	$ 12,933	$ 14,241	$ 14,662	$ 13,338
Public safety	6,799	6,982	5,845	12,410	9,924	8,414	8,177	8,075	7,837	7,793
Highways and streets	22,286	23,108	25,412	30,563	19,695	14,391	17,847	16,985	16,532	15,825
Culture and recreation	5,056	7,002	7,716	8,302	4,370	3,168	2,367	3,180	4,622	5,237
Operating grants and contributions	12,935	16,140	13,150	12,101	15,024	23,313	32,853	21,127	31,581	21,485
Capital grants and contributions	1,136	5,292	18,618	10,557	115,982	69,745	23,395	38,138	54,476	32,202
Total governmental activities program revenues	74,372	84,519	95,424	84,178	188,964	132,722	97,572	101,746	129,710	95,880
Business-type activities:										
Charges for services:										
Electric	233,102	252,322	259,572	278,888	305,299	314,164	309,910	313,703	333,029	347,933
Water	32,382	34,002	37,613	47,080	49,855	54,923	57,534	62,084	65,206	68,489
Sewer	21,672	21,967	21,510	24,057	22,525	23,247	27,342	32,769	37,747	43,772
Refuse	13,759	14,492	15,160	15,833	16,289	18,394	18,712	19,134	19,588	20,829
Airport	1,051	1,088	1,162	1,263	1,423	1,232	1,315	1,342	1,524	1,396
Transportation	185	200	238	302	313	336	328	344	352	344
Public parking	2,760	2,961	2,837	3,431	3,717	4,332	4,876	5,205	4,803	4,777
Operating grants and contributions	1,723	2,261	2,704	1,939	3,308	1,929	2,487	2,159	2,738	2,718
Capital grants and contributions	26,390	32,317	29,293	40,066	29,215	17,288	6,838	7,337	21,164	11,734
Total business-type activities program revenues	333,024	361,610	370,089	412,859	431,944	435,845	429,342	444,077	486,151	501,992
Total primary government program revenues	$ 407,396	$ 446,129	$ 465,513	$ 497,037	$ 620,908	$ 568,567	$ 526,914	$ 545,823	$615,861	$597,872

(continued)

Table 2
City of Riverside
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

(in thousands)

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012[1]**	**2013[2]**
Net Revenues (Expense)										
Governmental activities	$ (147,129)	$ (147,512)	$ (169,221)	$ (212,570)	$ (140,436)	$ (174,506)	$ (232,736)	$ (226,010)	$ (182,649)	$ (198,356)
Business-type activities	62,830	81,356	55,950	84,611	54,622	49,404	45,707	39,229	65,659	75,698
Total primary government net expense	$ (84,299)	$ (66,156)	$ (113,271)	$ (127,959)	$ (85,814)	$ (125,102)	$ (187,029)	$ (186,781)	$ (116,990)	$ (122,658)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales	$ 46,624	$ 53,348	$ 57,522	$ 55,666	$ 50,526	$ 41,882	$ 39,645	$ 44,157	$ 47,701	$ 50,222
Property	35,911	61,553	80,934	106,114	114,176	116,420	104,087	100,802	74,179	52,904
Utility Users	21,362	22,133	23,502	25,384	26,267	25,964	25,975	26,691	27,320	28,206
Franchise	4,261	4,481	4,813	5,031	4,972	5,144	4,477	4,937	4,883	4,959
Other	3,213	3,828	4,372	3,581	3,795	2,912	2,488	2,731	2,995	3,703
Intergovernmental, unrestricted	12,528	1,795	1,747	1,863	2,074	4,569	1,339	1,285	351	337
Unrestricted grants and contributions	18,710	15,220	39,653	29,743	-	-	-	-	-	-
Investment earnings	1,284	7,815	10,150	18,582	25,670	15,941	8,289	7,439	4,440	2,786
Miscellaneous	5,476	5,756	26,173	4,228	9,480	5,137	3,344	9,544	9,273	9,208
Transfers	10,302	14,918	25,576	31,171	32,326	42,087	40,153	34,378	40,679	42,262
Extraordinary items	-	-	-	-	-	-	-	-	149,617	-
Contributions	(2,800)	-	-	-	-	-	-	-	-	-
Total governmental activities	156,871	190,847	274,442	281,363	269,286	260,056	229,797	231,964	361,438	194,587
Business-type activities:										
Unrestricted grants and contributions	-	-	-	-	-	-	-			
Investment income	5,016	7,548	11,259	16,988	22,756	23,402	21,271	17,548	11,405	4,744
Miscellaneous	4,553	7,362	18,700	3,498	4,931	4,590	7,447	4,808	3,110	5,767
Special item	-	(3,014)	-	-	-	-	-	-	-	-
Transfers	(10,302)	(14,918)	(25,576)	(31,171)	(32,326)	(42,087)	(40,153)	(34,378)	(40,679)	(42,262)
Extraordinary items	-	-	-	-	-	-	-	-	-	(41,259)
Total business-type activities	(733)	(3,022)	4,383	(10,685)	(4,639)	(14,095)	(11,435)	(12,022)	(26,164)	(73,010)
Total primary government	156,138	187,825	278,825	270,678	264,647	245,961	218,362	219,942	335,274	121,577
Change in Net Position										
Governmental activities	$ 9,742	$ 43,335	$ 105,221	$ 68,793	$ 128,850	$ 85,550	$ (2,939)	$ 5,954	$ 178,789	$ (3,769)
Business-type activities	62,097	78,334	60,333	73,926	49,983	35,309	34,272	27,207	39,495	2,688
Total primary government	$ 71,839	$ 121,669	$ 165,554	$ 142,719	$ 178,833	$ 120,859	$ 31,333	$ 33,161	$ 218,284	$ (1,081)

[1] The increase in total governmental activities net position is due to the dissolution of the Redevelopment Agency.
[2] The decrease in total business-type activities net position is due to the power plant closure.

Table 3
City of Riverside
Fund Balances of Governmental Funds
Last Three Fiscal Years
(modified accrual basis of accounting, in thousands)

	2011	2012[1,2]	2013
General fund			
Nonspendable	$ 26,646	$ 25,720	$ 26,421
Restricted	82,249	2,803	2,196
Assigned	15,589	6,380	10,711
Unassigned	36,359	39,347	37,763
Total general fund	$ 160,843	$ 74,250	$ 77,091
All other governmental funds			
Nonspendable	$ 1,626	$ 1,539	$ 1,441
Restricted:			
Housing and redevelopment	96,571	26,911	26,410
Debt service	56,526	29,080	25,884
Transportation and public works	26,459	31,075	16,487
Other purposes	5,073	1,401	2,003
Total all other governmental funds	$ 186,255	$ 90,006	$ 72,225

[1] The decrease in fund balance of the General Fund primarily relates to the transfer of land held for resale (in the amount of $76.3 million) to the Redevelopment Agency Capital Projects Fund, which had been transferred to the General Fund during the fiscal year ended June 30, 2011.

[2] The decrease in fund balance of all other governmental funds relates to the dissolution of the Redevelopment Agency.

The City of Riverside implemented GASB 54 in the fiscal year ended June 30, 2011.
The City has elected to show three years of data for this schedule.

Table 4
City of Riverside
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis accounting)

(in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	$ 113,118	$ 142,056	$ 170,638	$ 191,131	$ 200,438	$ 192,322	$ 177,255	$ 179,318	$ 156,593	$ 139,994
Licenses and permits	11,343	14,389	16,351	12,984	10,027	7,368	6,899	7,657	9,292	10,173
Intergovernmental	42,609	42,568	55,178	47,934	79,423	86,873	60,550	61,082	66,618	50,734
Charges for services	10,046	11,299	11,538	11,914	11,325	9,099	9,570	10,720	11,774	12,062
Fines and forfeitures	2,188	2,006	2,098	2,778	4,573	6,213	7,512	8,928	6,293	6,234
Special assessments	10,259	6,272	6,247	6,170	5,245	5,431	5,464	6,014	6,276	6,669
Use of money and property	10,587	10,915	14,324	22,587	27,970	18,620	11,173	10,173	8,095	3,878
Miscellaneous	7,133	9,996	8,502	6,164	12,796	7,596	7,082	16,605	10,611	14,933
Total revenues	$ 207,283	$ 239,501	$ 284,876	$ 301,662	$ 351,797	$ 333,522	$ 285,505	$ 300,497	$ 275,552	$ 244,677
Expenditures:										
General government	$ 25,108	$ 21,800	$ 25,193	$ 39,093	$ 26,177	$ 25,995	$ 23,835	$ 26,090	$ 18,835	$ 15,713
Public safety	107,386	117,267	126,007	139,739	151,773	145,802	138,594	140,994	150,878	150,290
Highways and streets	11,990	11,695	11,281	19,722	25,209	18,452	14,987	14,587	16,651	16,294
Culture and recreation	24,836	28,939	31,017	31,039	30,622	26,859	40,373	44,345	57,538	45,356
Capital outlay	50,333	64,127	121,978	149,325	171,952	180,394	131,908	105,689	75,482	73,581
Debt Service:										
Principal	2,422	8,599	9,733	12,045	11,257	44,349	48,078	89,264	83,378	45,006
Interest	9,945	15,025	19,205	21,330	31,239	33,033	31,267	32,611	24,133	15,116
Debt issuance costs	950	1,538	-	2,551	697	259	231	174	169	581
Payment for advance refunding	-	-	-	-	-	-	-	-	-	3,521
Total expenditures	$ 232,970	$ 268,990	$ 344,414	$ 414,844	$ 448,926	$ 475,143	$ 429,273	$ 453,754	$ 427,064	$ 365,458
Excess of revenues over (under) expenditures	$ (25,687)	$ (29,489)	$ (59,538)	$ (113,182)	$ (97,129)	$ (141,621)	$ (143,768)	$ (153,257)	$ (151,512)	$ (120,781)

(continued)

(in thousands) Page 2 of 2

Table 4
City of Riverside
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other financing sources (uses):										
Transfers in	$ 41,440	$ 49,944	$ 59,545	$ 84,306	$ 62,841	$ 100,797	$ 88,303	$ 214,631	$ 196,859	$ 56,572
Transfers out	(31,338)	(35,026)	(33,969)	(53,135)	(30,515)	(58,710)	(48,150)	(180,280)	(156,305)	(14,178)
Sales of general capital assets	(675)	6,230	1,281	541	8,931	(5,798)	529	(1,629)	156	82
Advances from other funds	-	-	-	-	-	-	-	-	-	-
Long-term obligation proceeds	247,594	85,578	20,969	295,190	164,408	30,425	52,360	104,875	34,940	97,180
Capital lease proceeds	-	-	-	-	-	-	3,116	2,000	-	7,203
Premiums (discounts) on bonds issued	-	113	-	4,455	-	-	(539)	-	-	2,573
Payments to refunded bond agent	(58,657)	(9,167)	-	-	(148,975)	-	-	-	-	(43,591)
Total other financing sources (uses)	198,364	97,672	47,826	331,357	56,690	66,714	95,619	139,597	75,650	105,841
Special item - pension contribution	(88,300)	(32,141)	-	-	-	-	-	-	-	-
Extraordinary items:										
Dissolution of Riverside Redevlopment Agency:										
Transfer of assets and liabilities to Successor Agency	-	-	-	-	-	-	-	-	(130,174)	-
Transfer of assets from Successor Agency	-	-	-	-	-	-	-	-	28,121	-
Assumption of obligation	-	-	-	-	-	-	-	-	(4,927)	-
Total extraordinary items	-	-	-	-	-	-	-	-	(106,980)	-
Net change in fund balances	$ 84,377	$ 36,042	$ (11,712)	$ 218,175	$ (40,439)	$ (74,907)	$ (48,149)	$ (13,660)	$ (182,842)	$ (14,940)
Debt service as a percentage of noncapital expenditures	7.173%	15.301% **(1)**	13.777%	14.011%	16.947% **(2)**	26.058% **(3)**	23.211%	32.757% **(4)**	32.507% **(5)**	21.039%

(1) Increase in debt service related to the issuance of the 2003 and 2004 Redevelopment Agency Tax Allocation Bonds.
(2) Increase in debt service related to the issuance of the 2007 Redevelopment Agency Tax Allocation Bonds and 2008 Riverside Renaissance Certificates of Participation.
(3) Increase relates to $30 million refinancing of 2005B pension bonds that took place in May 2008, which became due in-full in June 2009. The $30 million Pension Bond Anticipation Notes have been paid in-full and immediately re-issued each year in 2009, 2010, 2011, 2012 and 2013.
(4) Increase in debt service related to one-time early redemption of $31.7 million of 2011 Redevelopment Tax Allocation Bonds and $9.1 million of loan proceeds that were drawn-down during the year and re-paid within the year.
(5) Includes one-time early redemption of $33.3 million of 2011 Redevelopment Tax Allocation Bonds.

Table 5
City of Riverside
Business-Type Activities Electricity Revenue By Source
Last Ten Fiscal Years
(accrual basis of accounting) **(in thousands)**

Fiscal Year	Residential Sales	Commercial Sales	Industrial Sales	Wholesale Sales	Other Sales	Transmission Revenue	Cap and Trade Auction Sales Revenue	Other Operating Revenue	Total Revenues
2004	$ 80,872	$ 57,079	$ 56,117	$ 9,581	$ 6,354	$ 20,917	$ -	$ 2,182	$ 233,102
2005	79,786	59,998	59,157	15,249	6,337	20,213	-	12,697	253,437
2006	85,243	53,773	71,084	11,952	7,139	20,043	-	9,183	258,417
2007	94,426	55,421	83,698	9,913	5,713	20,097	-	9,536	278,804
2008	99,981	60,768	92,697	14,805	5,425	19,211	-	12,405	305,292
2009	105,525	65,532	97,100	4,674	5,684	18,673	-	12,250	309,438
2010	107,301	65,091	97,458	1,466	5,639	21,100	-	11,855	309,910
2011	107,792	64,039	102,067	124	5,529	22,091	-	12,061	313,703
2012	110,471	66,047	107,455	50	5,614	30,735	-	12,657	333,029
2013	118,173	66,632	110,680	638	5,712	32,688	381	13,029	347,933

The City started receiving Cap and Trade Auction Sales Revenue in 2013.

Table 6
City of Riverside
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting) **(in thousands)**

Fiscal Year	Sales Tax	Property Tax[1]	Utility Users Tax	Franchise Tax	Other Tax	Total Taxes
2004	46,624	35,911	21,362	4,261	3,213	111,371
2005	53,348	61,553	22,133	4,481	1,795	143,310
2006	57,522	80,934	23,502	4,813	4,372	171,143
2007	55,666	101,469	25,384	5,031	3,581	191,131
2008	50,526	114,176	26,267	4,972	3,795	199,736
2009	41,882	116,420	25,964	5,144	2,912	192,322
2010	39,645	104,087	25,975	4,477	2,488	176,672
2011	44,157	100,802	26,691	4,937	2,731	179,318
2012	47,701	74,179	27,320	4,883	2,995	157,078
2013	50,222	52,904	28,206	4,959	3,703	139,994

[1] Decrease in property taxes in fiscal years 2012 and 2013 relates to the dissolution of the Redevelopment Agency. Upon the dissolution of the Redevelopment Agency on February 1, 2012, property taxes received by the Successor Agency are reported in a private-purpose trust fund and therefore are excluded from the activities of the primary government.

Table 7
City of Riverside
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years **(in thousands)**

Fiscal Year Ended June 30	City				Dissolved Redevelopment Agency[1]				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
2004	14,188,658	845,858	(2,526,503)	12,508,013	1,508,478	228,775	(30,286)	1,706,967	0.264
2005	15,540,982	951,211	(2,751,844)	13,740,349	1,775,655	158,148	(33,654)	1,900,149	0.266
2006	17,557,341	1,058,995	(4,002,177)	14,614,159	2,914,600	210,025	(51,992)	3,072,633	0.309
2007	20,672,126	1,140,891	(5,417,388)	16,395,629	4,145,700	410,625	(93,261)	4,463,064	0.304
2008	23,618,776	1,291,972	(6,960,666)	17,950,082	5,509,441	553,124	(138,490)	5,924,075	0.334
2009	24,428,633	1,330,053	(7,515,667)	18,243,019	5,998,768	581,943	(224,025)	6,356,686	0.343
2010	22,644,262	1,299,353	(7,103,040)	16,840,575	5,598,484	564,825	(266,257)	5,897,052	0.349
2011	22,056,793	1,260,923	(6,920,720)	16,396,996	5,396,219	544,906	(268,323)	5,672,802	0.347
2012	22,031,328	1,264,151	(6,952,649)	16,342,830	5,395,632	572,153	(270,313)	5,697,472	0.348
2013	22,313,665	1,244,448	(7,142,401)	16,415,712	N/A	N/A	N/A	N/A	0.348

Notes:
In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above. Assessed valuations are based on 100 percent of estimated actual value.

[1] In accordance with the timeline set forth in Assembly Bill 1X 26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Source: Riverside County Auditor-Controller

Table 8
City of Riverside
Direct and Overlapping Property Tax Rates
(Rate per $100 of Assessed Valuation)
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Basic Levy[1]	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Unified School Districts Debt Service[2]	0.210	0.234	0.220	0.155	0.185	0.291	0.326	0.334	0.363	0.409
City of Riverside Debt Service	-	0.011	0.009	0.008	0.006	0.007	0.006	0.006	0.006	0.006
Eastern Municipal Water Improvement District	0.022	0.023	0.010	0.009	0.008	-	-	-	-	-
Metropolitan Water District Original Area	0.006	0.006	0.005	0.005	0.005	0.004	0.004	0.004	0.004	0.004
Riverside City Community College Debt Service	-	0.018	0.018	0.018	0.013	0.013	0.012	0.015	0.017	0.017
Rubidoux Community Service Debt Service	0.003	0.003	-	-	-	-	-	-	-	-
Total Direct & Overlapping[3] Tax Rates	**1.241**	**1.295**	**1.262**	**1.195**	**1.217**	**1.315**	**1.348**	**1.359**	**1.390**	**1.436**
City's Share of 1% Levy Per Prop 13[4]	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145
General Obligation Debt Rate	-	0.011	0.009	0.009	0.006	0.007	0.006	0.006	0.006	0.006
Redevelopment Rate[5,7]	1.006	1.006	1.005	1.005	1.005	1.004	1.004	1.004	1.004	-
Total Direct Rate[6]	0.264	0.266	0.309	0.304	0.334	0.343	0.349	0.347	0.348	0.348

[1] In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the various intergovernmental overlapping debt.

[2] Includes: Alvord Unified School District, Corona Norco Unified School District, Jurupa Unified School District, Moreno Valley Unified School District, Riverside Unified School District and Val Verde Unified School District.

[3] Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

[4] City's share of 1% levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

[5] RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statue. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

[6] Total Direct Rate is the weighted average of all individual direct rates.

[7] In accordance with the timeline set forth in Assembly Bill X1 26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Source: Riverside County Assessor 2002/03 - 2012/13 Tax Rate Table.

Table 9
City of Riverside
Principal Property Taxpayers
Current Year and Nine Years Ago **(in thousands)**

Property Owner	2013 Taxable Assessed Value	2013 Rank	2013 Percentage of Total Taxable Assessed Value	2004 Taxable Assessed Value	2004 Rank	2004 Percentage of Total Taxable Assessed Value
Tyler Mall	$ 190,480	1	0.8%	$ 143,014	1	1.0%
Riverside Healthcare System	117,031	2	0.5%	95,952	2	0.7%
Rohr Inc	112,325	3	0.5%	57,502	5	0.4%
La Sierra University	104,729	4	0.5%			
Cole ID	91,500	5	0.4%			
State Street Bank & Trust Co of Calif	89,839	6	0.4%	94,846	3	0.6%
JSP Corona Pointe, LLC	76,159	7	0.3%			
Vestar Riverside Plaza	69,554	8	0.3%			
BRE Properties, Inc.	69,277	9	0.3%			
Canyon Springs Marketplace Corp	69,000	10	0.3%			
Charter Communications				60,179	4	0.4%
Lyon Corona Pointe				55,800	6	0.4%
California State Teachers Retirement				54,359	7	0.4%
Bottling Group				48,984	8	0.3%
Press Enterprise Company				47,004	9	0.3%
Mission Grove Park Apartments				43,567	10	0.3%
Totals	$ 989,894		4.4%	$ 701,207		4.8%

Notes:
The amounts shown above include assessed value data for both the City and the Successor Agency.

Source: Riverside County Assessor 2012/13 and 2003/04 Combined Tax Rolls

Table 10
City of Riverside
Property Tax Levies and Collections
Last Ten Fiscal Years **(in thousands)**

Fiscal Year Ended June 30	Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	$ 31,829	31,429	98.74%	391	31,820	99.97%
2005	36,825	36,332	98.66%	476	36,808	99.95%
2006	52,532	51,815	98.64%	700	52,515	99.97%
2007	69,246	67,046	96.82%	2,174	69,220	99.96%
2008	83,996	82,345	98.03%	1,608	83,953	99.95%
2009	86,251	84,134	97.55%	2,048	86,182	99.92%
2010	77,228	74,491	96.46%	2,607	77,098	99.83%
2011	74,608	72,327	96.94%	2,090	74,417	99.74%
2012	46,059	45,379	98.52%	360	45,739	99.30%
2013	47,135	46,578	98.82%	-	46,578	98.82%

Note:
The table reflects amounts related to the City. In addition, it includes amounts related to the Redevelopment Agency through dissolution (1/31/12). The amounts collected by the Redevelopment Agency include monies that were passed-though to other agencies. Current tax levies are the original charge as provided by the County of Riverside. Current tax collections do not include supplemental taxes, aircraft taxes or other property taxes.

Source: Riverside County Auditor-Controller and City Finance Department

Table 11
City of Riverside
Electricity Sold by Type of Customer
Last Ten Fiscal Years **(in millions of kilowatt-hours)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Type of Customer:										
Residential	707	675	696	748	734	733	701	666	688	726
Commercial	522	530	474	456	441	433	406	400	413	419
Industrial	687	707	810	924	960	946	906	912	969	1,003
Wholesale sales	354	470	287	295	357	137	44	7	2	14
Other	52	50	58	39	34	33	32	31	31	31
Total	2,322	2,432	2,325	2,462	2,526	2,282	2,089	2,016	2,103	2,193
Total direct rate Monthly Base Rate [1]	3.28	3.36	3.36	5.00	11.35	13.06	18.06	18.06	18.06	18.06

[1] Monthly Base Rate includes a Reliability Charge of $5.00 (small residence 100 amp) implemented in January 2008. In January 2010 the Reliability Charge increased to $10.00 (small residence 100 amp).

Source: Riverside Public Utilities, Finance Services

Table 12
City of Riverside
Electricity Rates
Last Ten Fiscal Years
(Average Rate in Dollars per Kilowatt-Hour)

Fiscal Year Ended June 30	Residential	Commercial	Industrial	Other
2004	0.11439	0.10936	0.08167	0.12271
2005	0.11813	0.11321	0.08369	0.12768
2006	0.12222	0.11330	0.08798	0.12373
2007	0.12621	0.12164	0.09059	0.14493
2008	0.13613	0.13781	0.09658	0.16099
2009	0.14389	0.15122	0.10271	0.17169
2010	0.15307	0.16014	0.10756	0.17876
2011	0.16173	0.16001	0.11194	0.18089
2012	0.16068	0.15991	0.11088	0.17938
2013	0.16274	0.15913	0.11030	0.18375

Source: Riverside Public Utilities, Finance Services

Table 13
City of Riverside
Top 10 Electricity Customers
Current Year and Nine Years Ago

	2013		2004	
Electricity Customer	**Electricity Charges**	**Percent of Total Electric Revenues**	**Electricity Charges**	**Percent of Total Electric Revenues**
Local University	$10,828,940	3.60%	N/A	N/A
Local Government	7,920,390	2.63%	N/A	N/A
Local Government	7,447,872	2.47%	N/A	N/A
Local School District	4,199,138	1.39%	N/A	N/A
Corporation	3,386,525	1.12%	N/A	N/A
Corporation	3,337,147	1.11%	N/A	N/A
Hospital	2,457,850	0.82%	N/A	N/A
Corporation	2,428,008	0.81%	N/A	N/A
Local School District	2,091,371	0.69%	N/A	N/A
Shopping Mall	2,087,427	0.69%	N/A	N/A
	$46,184,668	15.33%	N/A	N/A

Retail Sales Per Financial Statements $301,196,912

N/A - not available

Source: Riverside Public Utilities, Finance Services

Table 14
City of Riverside
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years **(in thousands)**

Fiscal Year	Governmental Activities: General Obligation Bonds	Redevelopment Bonds	Revenue Bonds	Assessment Bonds	Pension Obligation Bonds	Certificates of Participation	Capital Leases	Notes/Loans Payable
2004	20,285	131,590	-	-	89,540	58,706	8,938	11,057
2005	20,280	144,024	-	-	148,280	57,336	7,431	10,645
2006	19,858	140,195	-	-	146,470	55,571	6,008	10,215
2007	19,331	296,598	-	-	144,450	192,874	4,929	9,759
2008	18,774	292,244	-	-	142,170	200,273	9,391	9,040
2009	18,171	285,743	-	-	139,410	198,268	7,455	8,749
2010	17,533	278,867	-	-	136,050	211,212	6,303	9,291
2011	16,845	305,195	-	-	132,095	207,246	6,670	8,849
2012	16,107	-	-	-	127,480	207,278	5,220	4,000
2013	15,314	-	43,762	-	122,005	158,697	8,424	28,652

Fiscal Year	Business-Type Activities: Revenue Bonds	Notes/Loans Payable	Capital Leases	Total Primary Government	Percentage of Personal Income[1]	Debt Per Capita[1]
2004	440,970	11,066	439	772,591	15.02%	2.79
2005	419,581	10,459	392	818,428	14.98%	2.91
2006	509,577	9,841	317	898,052	15.47%	3.13
2007	482,929	9,211	253	1,160,334	18.67%	4.01
2008	720,749	8,569	211	1,401,421	21.51%	4.80
2009	670,512	7,915	2,574	1,342,931	20.15%	4.54
2010	968,393	7,249	2,151	1,637,049	24.83%	5.44
2011	1,071,554	76,747	1,720	1,826,921	27.58%	6.01
2012	1,063,853	73,821	1,332	1,499,091	22.01%	4.86
2013	1,031,839	70,798	2,558	1,482,049	21.41%	4.75

[1] These ratios are calculated using personal income and population data for the prior calendar year.

Source: City of Riverside Notes to Financial Statements and Statistical Table 19.

Table 15
City of Riverside
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years **(in thousands, except per capita amount)**

Fiscal Year	General Obligation Bonds	Pension Bonds	Certificates of Participation	Tax Allocation Bonds	Total	Percent of Assessed Value [1]	Per Capita[2]
2004	20,285	89,540	58,706	131,590	300,121	2.40%	1,083
2005	20,280	148,280	57,336	144,024	369,920	2.69%	1,316
2006	19,858	146,470	55,571	140,195	362,094	2.48%	1,264
2007	19,331	144,450	192,874	296,598	653,253	3.98%	2,260
2008	18,774	142,170	200,273	292,244	653,461	3.64%	2,239
2009	18,171	139,410	198,268	285,743	641,592	3.52%	2,167
2010	17,533	136,050	211,212	278,867	643,662	3.82%	2,140
2011	16,845	132,095	207,246	305,195	661,381	4.03%	2,175
2012	16,107	127,480	207,278	-	350,865	2.15%	1,137
2013	15,314	122,005	158,697	-	296,016	1.80%	949

Notes:
General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (which, the City has none.)

[1] Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

[2] These ratios are calculated using population data for the prior calendar year.

Source: City of Riverside Notes to Financial Statements and Reserve Cash Reconciliation maintained by City Finance Department.

Table 16
City of Riverside
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013

2012-13 Assessed Valuation:	$ 22,210,675,685
Less Dissolved Redevelopment Agency Incremental Valuation:	5,794,963,931
Adjusted Assessed Valuation:	$ 16,415,711,754

	Total Debt	% Applicable	City's Share of Debt[1]
Overlapping debt repaid with property taxes[2]			
Metropolitan Water District	$ 1,650,850	1.074%	$ 1,773,013
Riverside City Community College District	229,362,310	30.024	68,863,740
Alvord Unified School District	202,965,954	70.989	144,083,501
Riverside Unified School District	143,310,000	86.884	124,513,460
Corona-Norco Unified School District	267,300,000	0.001	2,673
Jurupa Unified School District	49,050,000	0.002	981
Moreno Valley Unified School District	39,508,524	12.787	5,051,955
Alvord Unified School District Community District No.2006-1	8,155,000	79.771	6,505,325
Riverside Unified School District Community Facilities Districts	85,685,000	89.192-100.	85,545,309
City of Riverside Community Facilities Districts	12,235,000	100.	12,235,000
City of Riverside 1915 Act Bonds	27,865,000	100.	27,865,000
Total overlapping debt repaid with property taxes			$ 476,439,957

(continued)

Other overlapping debt[2]

Riverside County General Fund Obligations	$ 650,309,993	11.188%	$ 72,756,682
Riverside County Pension Obligations	346,790,000	11.188	38,798,865
Riverside County Board of Education Certificates of Participation	3,900,000	11.188	436,332
Alvord Unified School District Certificates of Participation	2,027,061	70.989	1,438,990
Corona-Norco Unified School District Certificates of Participation	30,000,000	0.001	300
Jurupa Unified School District Certificates of Participation	6,850,000	0.002	137
Moreno Valley Unified School District Certificates of Participation	18,585,000	12.787	2,376,464
Riverside Unified School District General Fund Obligations	12,585,000	86.884	10,934,351
Total other overlapping debt			126,742,121
Less: Riverside County supported obligations			1,304,266
			125,437,855
Overlapping tax Increment debt			267,653,578
Total overlapping debt			869,531,390
City direct debt			376,854,000
Combined total direct and overlapping debt			$ 1,246,385,390

(1) Debt balances are as of April 1, 2013 (most recent available) for other agency debt, and June 30, 2013 for all City of Riverside direct debt.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, non-bonded capital lease obligations. Qualified Zone Academy bonds are included based on principal due at maturity.

Ratios to 2012-13 Assessed Valuation:
Total debt repaid with property taxes…………………………….…….... 2.15%
City direct debt ($376,854,000)………...…………..………...…. 1.70%
Combined total direct and overlapping debt……………………..... 5.61%

Ratios to Dissolved Redevelopment Incremental Valuation ($5,794,963,931):
Total overlapping tax Increment debt…………………………….. 4.62%

Overlapping governments are those that coincide at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc., Riverside County Auditor-Controller and City Finance Department.

Table 17
City of Riverside
Legal Debt Margin Information
Last Ten Fiscal Years

(in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed valuation	$12,508,013	$13,740,349	$14,614,159	$16,395,629	$17,950,082	$ 18,243,019	$ 16,840,575	$ 16,396,996	$ 16,342,830	$ 16,415,712
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	3,127,003	3,435,087	3,653,540	4,098,907	4,487,521	4,560,755	4,210,144	4,099,249	4,085,708	4,103,928
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	469,050	515,263	548,031	614,836	673,128	684,113	631,522	614,887	612,856	615,589
Total net debt applicable to limit:	20,285	20,280	19,858	19,331	18,774	18,171	17,533	16,845	16,107	15,314
Legal debt margin	448,765	494,983	528,173	595,505	654,354	665,942	613,989	598,042	596,749	600,275
Total net debt applicable to the limit as a percentage of debt limit	4.3%	3.9%	3.6%	3.1%	2.8%	2.7%	2.8%	2.7%	2.6%	2.5%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect a the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City of Riverside, Statistical Table 7 and Notes to Financial Statements.

Table 18
City of Riverside
Pledged-Revenue Coverage
Business Type Activity Debt
Last Ten Fiscal Years

(in thousands)

Electric Revenue Bonds

Fiscal Year	Pledged Revenue[1]	Less: Operating Expenses[1]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2004	239,842	168,162	71,680	10,780	10,183	3.42
2005	262,350	164,159	98,191	14,555	12,143	3.68
2006	265,086	184,421	80,665	15,015	15,245	2.67
2007	289,784	187,700	102,084	18,815	14,200	3.09
2008	314,733	219,680	95,053	19,460	16,790	2.62
2009	320,447	202,904	117,543	20,572	24,941	2.58
2010	320,560	199,040	121,520	21,574	22,572	2.75
2011	319,177	212,878	106,299	23,029	25,087	2.21
2012	340,098	221,876	118,222	25,174	27,630	2.24
2013	348,187	226,997	121,190	18,486	25,941	2.73

Water Revenue Bonds

Fiscal Year	Pledged Revenue[1]	Less: Operating Expenses[1]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2004	47,093	23,767	23,326	4,010	2,622	3.52
2005	45,348	26,436	18,912	4,045	2,591	2.85
2006	66,226	27,028	39,198	3,875	3,790	5.11
2007	55,699	29,461	26,238	4,300	3,454	3.38
2008	67,312	33,827	33,485	4,355	4,275	3.88
2009	60,886	35,639	25,247	4,473	6,728	2.25
2010	61,985	35,953	26,032	4,533	8,008	2.08
2011	84,328	35,220	49,108	4,799	9,263	3.49
2012	73,557	35,309	38,248	4,708	8,872	2.82
2013	72,700	35,940	36,760	5,395	8,700	2.61

Sewer Revenue Bonds

Fiscal Year	Pledged Revenue[1]	Less: Operating Expenses[1]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2010	31,470	26,865	4,605	666	151	5.64
2011	37,772	27,575	10,197	692	125	12.48
2012	42,562	29,632	12,930	692	5,471	2.10
2013	52,944	29,999	22,945	7,465	10,891	1.25

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] Amounts have been calculated in accordance with the provisions set forth in the debt covenants. Total operating expenses exclusive of depreciation.
Pledged revenue includes applicable cash set aside in a rate stabilization account in accordance with applicable bond covenants.

The City of Riverside does not have any pledged revenue related to Govermental Activities.

Table 19
City of Riverside
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population [1]	Personal Income [2] (in thousands)	Per Capita Personal Income [2]	Unemployment Rate [3]
2003	277,177	5,145,118	18,563	6.6
2004	281,192	5,462,823	19,427	6.1
2005	286,572	5,806,339	20,261	5.4
2006	289,045	6,214,628	21,501	5.1
2007	291,814	6,514,489	22,324	6.1
2008	296,038	6,665,142	22,514	8.6
2009	300,769	6,592,294	21,918	13.7
2010	304,051	6,623,143	21,783	14.8
2011	308,511	6,811,923	22,080	13.7
2012	311,955	6,923,217	22,193	9.7

Sources:

[1] California State Department of Finance.

[2] Demographic Estimates for 2002-2009 are based on the last available Census. Projections are devloped by incorporating all fo the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries. Demographic Estimates for 2010 and later are per the US Cenus Bureau, most recent American Community Survey.

[3] State of California Empolyment Development Department.

Table 20
City of Riverside
Principal Employers
Current Year and Nine Years Ago

Employer	2013 Employees	2013 Rank	2013 Percentage of Total City Employment	2004 Employees	2004 Rank	2004 Percentage of Total City Employment
County of Riverside	11,187	1	7.6%	N/A	N/A	N/A
Riverside Unified School District	5,580	2	3.8%	N/A	N/A	N/A
University of California	5,497	3	3.7%	N/A	N/A	N/A
Kaiser	4,500	4	3.1%	N/A	N/A	N/A
City of Riverside	2,687	5	1.8%	N/A	N/A	N/A
Riverside Community College District	2,087	6	1.4%	N/A	N/A	N/A
Riverside Community Hospital	1,880	7	1.3%	N/A	N/A	N/A
Riverside County Office of Education	1,765	8	1.2%	N/A	N/A	N/A
Alvord Unified School District	1,445	9	1.0%	N/A	N/A	N/A
Parkview Community Hospital	1,350	10	0.9%	N/A	N/A	N/A
Total	37,978		25.9%	N/A		N/A

N/A - not available

Source: City of Riverside, Finance Department

Table 21
City of Riverside
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	318.36	331.88	377.15	412.22	436.35	439.10	433.40	431.40	440.40	413.90
Public safety										
Police [1]	567.83	568.83	589.33	618.33	637.33	591.93	589.93	589.93	599.93	596.75
Fire	219.65	221.11	221.73	251.73	254.21	254.21	255.46	255.46	255.46	255.46
Firefighters and Police Officers	557.00	557.46	566.46	620.46	632.46	633.46	632.46	632.46	632.46	632.46
Highways and streets	285.10	281.35	262.35	286.35	318.35	369.65	349.50	348.11	357.11	362.11
Sanitation	48.49	48.49	59.49	60.29	64.29	58.60	59.00	56.00	56.00	57.00
Culture and recreation	302.92	300.92	311.45	324.26	339.52	340.71	328.07	328.07	341.22	351.48
Airport	6.00	6.00	6.00	7.00	7.00	7.00	7.00	9.50	9.50	9.50
Water	130.00	130.00	133.00	142.00	167.00	167.00	177.65	180.15	181.15	181.15
Electric	295.60	305.60	337.60	351.35	404.60	408.10	419.45	448.50	452.50	459.50
Total	2,173.95	2,194.18	2,298.10	2,453.53	2,628.65	2,636.30	2,619.46	2,647.12	2,693.27	2,686.85

[1] In fiscal year 2009 the Crossing Guards program (46.40 FTEs) was moved from the Police Department to the Public Works Department (highways and streets).

Source: City of Riverside, Finance Department

Table 22
City of Riverside
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Arrests	11,951	11,280	10,093	9,827	9,367	10,150	8,690	8,118	7,736	8,362
Fire										
Number of calls answered	25,876	26,505	26,696	27,458	27,429	26,397	26,484	27,322	27,637	29,988
Inspections	16,306	17,028	19,261	7,261	10,812	7,638	7,234	6,505	10,074	10,151
Public works:										
Street resurfacing (miles)	62.37	102.45	51.26	73.40	26.27	18.90	20.00	21.25	18.43	16.50
Parks and recreation										
Number of recreation classes	15,135	15,195	16,272	19,079	22,146	21,884	27,762	37,303	43,318	41,364
Number of facility rentals	27,014	27,074	27,483	32,980	35,076	36,822	34,565	42,638	43,288	43,358
Water										
Number of accounts	61,668	62,492	62,985	63,431	63,494	64,062	64,231	64,349	64,367	64,591
Annual consumption (ccf)	30,596,320	27,875,253	28,865,030	32,110,208	30,583,266	29,721,236	26,687,271	25,902,439	27,062,142	28,186,178
Electric										
Number of accounts	100,766	103,463	104,294	105,226	106,015	106,385	106,335	106,855	107,321	107,525
Annual consumption (kwh)	2,322	2,432	2,359	2,462	2,526	2,282	2,089	2,016	2,103	2,193
Sewer:										
New connections	7,034	9,621	16,717	15,423	16,412	18,765	16,971	17,746	18,166	17,607
Average daily sewage treatment (millions of gallons)	35.24	38.07	35.91	32.50	32.10	33.00	33.29	30.06	29.84	29.57

[1] Inspections were not tracked prior to 2003
[2] Amounts expressed in millions
N/A - not available

Source: City of Riverside, various departments

Table 23
City of Riverside
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	2004	**2005 (1)**	**2006**	**2007 (2)**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Function										
Public Safety										
Police										
Stations	2	2	3	3	3	3	3	3	3	3
Substations	11	7	5	4	4	5	4	4	4	4
Helicopters	4	4	4	4	4	4	4	4	4	4
Fire										
Stations	13	13	13	14	14	14	14	14	14	14
Active apparatus	30	30	29	30	30	30	30	26	27	28
Reserve apparatus	5	5	6	6	6	7	7	9	9	11
Training facilities	1	1	1	1	1	1	1	1	1	1
Highways and streets										
Streets (miles)	829.00	836.00	845.35	852.04	864.68	866.89	867.96	868.39	868.70	868.89
Streetlights	28,401	28,581	28,847	29,028	29,312	29,675	29,757	29,868	29,933	29,949
Signalized intersections	322	322	353	358	363	365	362	362	365	365
Culture and recreation										
Parks acreage	2,500.00	2,534.00	2,534.00	2,773.00	2,773.00	2,773.00	2,773.00	2,811.00	2,811.00	2,891.00
Community centers	10	11	11	11	11	11	11	11	11	11
Playgrounds	26	26	27	38	38	41	41	41	41	43
Swimming pools	6	7	6	7	7	7	7	7	7	7
Softball & baseball diamonds	34	35	33	44	44	44	44	49	51	54
Library branches	5	5	6	6	6	7	7	8	8	8
Museum exhibit-fixed	11	8	7	13	8	6	5	8	5	3
Museum exhibit-special	4	1	-	2	5	2	2	2	1	4
Water										
Fire hydrants	6,763	6,926	7,127	7,187	7,381	7,523	7,593	7,632	7,682	7,726
Sewer										
Sanitary sewers (miles)	755	765	775	785	794	794	820	823	829	829
Electric										
Miles of overhead distribution system	539.0	531.0	527.0	528.0	523.5	522.0	519.0	517.0	515.0	513.0
Miles of underground system	608.0	622.0	663.0	704.0	741.6	769.0	782.0	791.0	804.0	810.0

Source: City of Riverside, various departments

(1) During the 2004/05 fiscal year, four police substations closed.

(2) Museum Fixed Exhibits - In 2007, the Riverside Municipal Museum remodeled a number of the spaces within the museum allowing the museum the opportunity to debut new exhibitions and to display more permanent collections in addition to partnering with others on exhibits that were available that year.

CITY OF
RIVERSIDE

City of Arts & Innovation

3900 Main Street
Riverside, CA 92522

ExploreRiverside.com

APPENDIX F

STATE DEPARTMENT OF FINANCE LETTER

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DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

September 3, 2014

Mr. Emilio Ramirez, Development Director
City of Riverside
3900 Main Street, 3rd Floor
Riverside, CA 92522

Dear Mr. Ramirez:

Subject: Approval of Oversight Board Action

The City of Riverside Successor Agency (Agency) notified the California Department of Finance (Finance) of its July 10, 2014 Oversight Board (OB) resolution on July 10, 2014. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, OB Resolution 68, approving the issuance of the 2014 Subordinate Tax Allocation Refunding Bonds, is approved.

This approval is conditioned on the understanding that no refunding bonds will be issued unless such bonds meet the limitations in HSC section 34177.5 (a). Following the issuance, the payments for the refunding bonds should be placed on future Recognized Obligation Payment Schedule (ROPS) for Finance's review.

In addition, the resolution states the Agency is authorized to recover its costs related to the issuance of the refunding bonds from the proceeds. While Finance does not object to these actions, any associated costs must be placed on a subsequent ROPS for Finance's review and approval before they can be considered enforceable.

Please direct inquiries to Beliz Chappuie, Supervisor, or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,

for

JUSTYN HOWARD
Assistant Program Budget Manager

cc: Ms. Vanessa Kirks, Fiscal Manager, City of Riverside Successor Agency
Ms. Pam Elias, Chief Accounting Property Tax Division, County of Riverside Auditor-Controller
California State Controller's Office

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APPENDIX G

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 24 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 2010 to 2014.

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

	Calendar Year				
Area	***2010***	***2011***	***2012***	***2013***	***2014***
City of Riverside	302,814	306,069	309,409	312,035	314,034
County of Riverside	2,179,692	2,205,731	2,234,209	2,255,653	2,279,967
State of California	37,223,900	37,427,946	37,668,804	37,984,138	38,340,074

Source: State of California, Department of Finance *E-4 Population Estimates for Cities, Counties and State, 2001-2010, with 2000 & 2010 Census Counts*, Sacramento, California, August 2011 and *E-4 Population Estimates for Cities, Counties and State, 2011-2014, with 2010 Benchmark*, Sacramento, California, May 2014.

Commerce

The table below shows the number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions within the City from 2009 through the first quarter of 2013, 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)

	Retail Stores		***Total All Outlets***	
	Number of Permits	***Taxable Transactions***	***Number of Permits***	***Taxable Transactions***
2009	5,033	$2,734,550	7,202	$3,500,514
2010	5,690	2,889,292	7,907	3,692,302
2011	5,764	3,144,537	8,066	4,019,127
2012	6,196	3,348,220	8,484	4,238,975
2013*	5,326	843,369	7,545	1,068,725

* Through first quarter 2013.
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 years 2009 through 2013:

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

	2009	*2010*	*2011*	*2012*	*2013*
Civilian Labor Force	1,776,000	1,802,100	1,800,000	1,812,800	1,818,300
Civilian Employment	1,542,100	1,543,700	1,556,100	1,594,900	1,633,400
Civilian Unemployment	233,800	258,400	243,900	217,900	184,900
Civilian Unemployment Rate	13.2%	14.3%	13.6%	12.0%	10.2%
Total Farm	14,900	15,000	14,900	15,000	14,600
Total Nonfarm	1,162,800	1,144,200	1,147,300	1,179,200	1,226,400
Total Private	927,600	910,000	919,800	954,600	1,001,400
Goods Producing	157,800	145,800	145,200	150,500	157,300
Mining & Logging	1,100	1,000	1,000	1,200	1,200
Construction	67,900	59,700	59,100	62,600	69,300
Manufacturing	88,700	85,100	85,100	86,700	86,800
Service Providing	1,005,000	998,400	1,002,200	1,028,800	1,069,100
Trade, Transportation & Utilities	271,900	270,700	276,300	288,200	299,300
Wholesale Trade	48,900	48,600	49,000	52,100	56,000
Retail Trade	156,200	155,500	158,500	162,300	164,800
Transportation, Warehousing & Utilities	66,800	66,600	68,800	73,800	78,600
Information	14,100	14,000	12,100	11,500	11,300
Financial Activities	42,500	41,000	39,900	40,800	42,000
Professional & Business Services	125,200	123,400	125,800	127,100	132,600
Educational & Health Services	155,000	154,000	157,600	167,200	182,000
Leisure & Hospitality	123,800	122,800	124,000	129,300	136,200
Other Services	37,300	38,200	39,100	40,100	40,800
Government	235,200	234,300	227,500	224,600	225,000
Total, All Industries	1,177,600	1,159,300	1,162,200	1,194,200	1,241,000

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 2013 Benchmark.*

The following table summarizes the labor force, employment and unemployment figures between 2009 and 2013 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

	Civilian Labor Force	*Employed*[1]	*Unemployed*[2]	*Unemployment Rate*[3]
2009				
City of Riverside	161,300	139,500	21,800	13.5%
County of Riverside	917,000	794,300	122,700	13.4
California	18,220,100	16,155,000	2,065,100	11.3
United States[4]	154,142,000	139,877,000	14,265,000	9.3
2010				
City of Riverside	165,100	140,900	24,200	14.6%
County of Riverside	938,400	802,300	136,200	14.5
California	18,336,300	16,068,400	2,267,900	12.4
United States[4]	153,889,000	139,064,000	14,825,000	9.6
2011				
City of Riverside	165,300	142,400	22,900	13.9%
County of Riverside	939,600	810,400	129,200	13.8
California	18,417,900	16,249,600	2,168,300	11.8
United States[4]	153,617,000	139,869,000	13,747,000	8.9
2012				
City of Riverside	166,100	145,600	20,500	12.3%
County of Riverside	944,500	828,800	115,600	12.3
California	18,519,000	16,589,700	1,929,300	10.4
United States[4]	154,975,000	142,469,000	12,506,000	8.1
2013				
City of Riverside	167,600	150,300	17,400	10.4%
County of Riverside	953,200	855,300	97,900	10.3
California	18,596,800	16,933,300	1,663,500	8.9
United States[4]	155,389,000	143,929,000	11,460,000	7.4

(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 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, 2013.

CITY OF RIVERSIDE
Largest Employers

Employer Name	*Number of Employees*	*Industry*
County of Riverside	11,187	Government
Riverside Unified School District	5,580	Education
University of California, Riverside	5,497	Higher Education
Kaiser Permanente Riverside	4,500	Healthcare
City of Riverside	2,687	Government
Riverside Community College District	2,087	Higher Education
Riverside Community Hospital	1,880	Hospital
Riverside County Office of Education	1,765	Education
Alvord Unified School District	1,445	Education
Parkview Community Hospital	1,350	Healthcare

Source: City of Riverside, *Comprehensive Annual Financial Report, Year Ended June 30, 2013*.

Construction Activity

The following is a summary of the valuation of building permits issued in the City from 2009 through 2013.

CITY OF RIVERSIDE
Building Permit Valuations

	2009	*2010*	*2011*	*2012*	*2013*
Valuation ($000):					
Residential	$23,944	$ 58,764	$ 43,918	$ 64,245	$ 30,646
Non-residential	45,883	87,269	89,765	53,007	115,561
Total	$69,827	$146,033	$133,683	$117,252	$146,207
Residential Units:					
Single family	56	107	43	193	70
Multifamily	23	266	236	168	51
Total	79	373	279	361	121

Note: Totals may not add to sums because of rounding.
Source: Construction Industry Research Board/California Homebuilding Foundation.

Personal Income

The following tables summarize personal income for the County for the years 2004 through 2012.

COUNTY OF RIVERSIDE
Personal Income (Dollars in Thousands)

Year	*Personal Income*	*Annual Percent Change*
2004	$51,506,970	6.21%
2005	55,776,492	5.64
2006	60,993,887	7.40
2007	64,062,308	4.33
2008	64,995,060	2.04
2009	63,184,275	(3.75)
2010	65,107,626	2.78
2011	69,522,078	6.59
2012	72,015,057	5.04

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

The following table summarizes per capita personal income for the County for 2004 through 2012, and California and the United States for 2004 through 2013. 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

Year	*County of Riverside*	*State of California*	*United States*
2004	$27,743	$37,150	$34,300
2005	28,873	38,969	35,888
2006	30,309	41,627	38,127
2007	30,871	43,157	39,804
2008	30,808	43,609	40,873
2009	29,433	41,569	39,357
2010	29,563	42,297	40,163
2011	31,074	44,666	42,298
2012	31,742	46,477	43,735
2013	N/A	47,401	44,453

(1) Not Available
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.

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APPENDIX H

FORM OF 2014A CONTINUING DISCLOSURE CERTIFICATE

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

$61,250,000
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
2014 SUBORDINATE TAX ALLOCATION REFUNDING BONDS, SERIES A

$1,730,000
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE
2014 SUBORDINATE 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 (collectively, the "Bonds"). The Bonds are being executed and delivered pursuant to an 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 First Supplement to Indenture of Trust, dated as of October 1, 2014 (as so supplemented, 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 S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term 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 the date that is nine months after the end of the Successor Agency's fiscal year (currently March 31 based on the Successor Agency's fiscal year end of June 30).

"*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, Inc., 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, 2015 with the report for the 2013-14 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 2013-14 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 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 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 the form of Table 10 in the Official Statement without any requirement to update any projected Tax Revenues set forth in Table 10.

(vi) The cumulative tax increment allocated to the Successor Agency as of June 30 of the most recently completed fiscal year in the University Corridor/Sycamore Canyon Merged Redevelopment Project and the Arlington Redevelopment Project; provided however, that in the event legislation is enacted by the California legislature pursuant to which tax increment limits within former redevelopment plans are of no force or effect, then the Successor Agency shall provide notice of such enactment and thereafter shall no longer be required to include information regarding cumulative increment pursuant to this Section 4(b)(vi).

(vii) 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 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: October 1, 2014

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE

By: ______________________________

Name: ______________________________

Title: ______________________________

AGREED AND ACCEPTED:
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE,
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 2014 Subordinate Tax Allocation Refunding Bonds, Series A; and Successor Agency to the Redevelopment Agency of the City Of Riverside 2014 Subordinate Tax Allocation Refunding Bonds, Taxable Series B
Date of Issuance:	________, 2014

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 First Supplement to Indenture of Trust, dated as of October 1, 2014. The Successor Agency anticipates that the Annual Report will be filed by ________________.

Dated: ______________________

DISSEMINATION AGENT:

____

By: ______________________________
Its: ______________________________

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF RIVERSIDE • 2014 SUBORDINATE TAX ALLOCATION REFUNDING BONDS, SERIES A AND TAXABLE SERIES B

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