

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE  
REDEVELOPMENT AGENCY  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

217



**FROM:** Redevelopment Agency

**SUBMITTAL DATE:**  
September 20, 2004

**SUBJECT:** Issuance of Tax Allocation Bonds

**RECOMMENDED MOTION:** That the Board:

1. Authorize the Redevelopment Agency to proceed with preparing bond documents necessary to issue bonds for all of the Redevelopment Agency's project areas in an approximate amount of \$160,000,000;
2. Approve and authorize the Chairman to execute the attached agreement between the Agency and CM de Crinis and Company, Inc. for financial advisory services for the issuance of bonds;
3. Approve and authorize the Chairman to execute the attached agreement between the Agency and Urban Analytics, LLC. for fiscal consultant services necessary for the issuance of bonds;
4. Authorize the Agency to hire Jones Hall, A Professional Law Corporation as bond and disclosure counsel; and,
5. Adopt Resolution No. RDA 2004-37, a resolution of intention to reimburse the Agency for eligible capital improvement costs with proceeds from the bonds.

Departmental Concurrence

**BACKGROUND:** on page 2

*Bradley J. Hudson*  
\_\_\_\_\_  
Bradley J. Hudson  
Executive Director

BJH:RZ:BJG:TE

S:\RDACOM\RDACOMRDA\_ADMIN\2004 Bond Issue\F11 Initial Approval.doc

<b>FINANCIAL DATA</b>	<b>Current F.Y. Total Cost:</b>	\$ 85,875	<b>In Current Year Budget:</b>	yes
	<b>Current F.Y. Net County Cost:</b>	\$ 0	<b>Budget Adjustment:</b>	no
	<b>Annual Net County Cost:</b>	\$ 0	<b>For Fiscal Year:</b>	na

**COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA:** no

**SOURCE OF FUNDS:** Redevelopment Capital Improvement Funds

<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:**

**APPROVE**

FORM APPROVED  
COUNTY COUNSEL

SEP 20 2004

**County Executive Office Signature**

*Bronda King*  
\_\_\_\_\_

BY *Lee A. Vinocur*  
\_\_\_\_\_

- Policy
- Policy
- Consent
- Consent

Dept't Recomm.:  
Per Exec. Ofc.:

**Prev. Agn. Ref.:**

**District:** all

**Agenda Number:**

4.1

**BACKGROUND:** The Redevelopment Agency is currently implementing a number of revitalization programs throughout the County to eliminate blight, encourage economic development, construct public facilities and improve and increase the stock of low and moderate income housing. In order to facilitate this continuance of these programs, additional redevelopment funding is required.

A preliminary analysis of existing debt and tax increment revenues indicates that the Agency has the capacity to issue approximately one hundred million dollars (\$100,000,000) in non-housing bonds and sixty million dollars (\$60,000,000) in housing bonds. It is recommended that the Board authorize the Agency to proceed with the issuance of tax allocation bonds, and approve the financial advisor and fiscal consultant contracts to determine the exact amount that can be issued and to assist the Agency with the transaction.

CM de Crinis and Company was selected as the financial advisor based on their qualifications submitted through a formal request for proposal process. The cost of this service is \$68,875.

Urban Analytics, LLC was selected to perform fiscal consultant services based on their experience and qualifications. They currently are under contract to the Redevelopment Agency to prepare the tax increment analysis and summary information needed for the Agency's annual bond disclosure reports. As fiscal consultant, they will be able to serve the Agency cost effectively because they will be able to use the disclosure information as a basis for the reports necessary to issue bonds. The cost of their service is \$21,000.

It is recommended that the Agency hire Jones Hall, A Professional Law Corporation as bond and disclosure counsel because of their extensive knowledge and expertise related to redevelopment agency financings. With the experience they have from serving as bond counsel for the Agency's 1997 and 2001 bond issues, they will be able to quickly and efficiently prepare the documents for the new issue and ensure that the legal requirements related to all three bond issues are considered. Fees for bond counsel services will be contingent upon the issuance of bonds and will be funded with proceeds of the bonds at the time of sale.

The Agency is currently providing interim financing for projects that are eligible to be funded with the bond proceeds that will be received from this issue. It is recommended that the Board adopt Resolution No. RDA 2004-37 so that the Agency can be reimbursed for expenses incurred prior to the issuance of bonds.

RESOLUTION NO. RDA 2004-37

A RESOLUTION OF THE REDEVELOPMENT AGENCY  
FOR THE COUNTY OF RIVERSIDE  
DECLARING INTENTION TO REIMBURSE  
EXPENDITURES FROM THE PROCEEDS OF OBLIGATIONS  
TO BE ISSUED BY OR ON BEHALF OF THE AGENCY AND DIRECTING  
CERTAIN ACTIONS

*WHEREAS*, the Redevelopment Agency for the County of Riverside (the "Agency") proposes to undertake capital projects with respect to its various redevelopment project areas, to issue debt, or to have its financing authority issue debt, for such projects and to use a portion of the proceeds of such debt to reimburse expenditures made for such project prior to the issuance of the debt;

*WHEREAS*, United States Income Tax Regulations section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, one of which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer declares an intention to reimburse such expenditure; and

*WHEREAS*, it is in the public interest and for the public benefit that the Agency declares its official intent to reimburse the expenditures referenced herein.

*NOW, THEREFORE*, by the Redevelopment Agency for the County of Riverside, as follows:

1. The Agency intends to issue, or have its financing authority issue, tax-exempt obligations (the "Obligations") for the purpose of paying certain costs relating to the redevelopment of its various project areas, including particularly, but not limited to, certain costs relating to the El Cerrito Subarea, certain costs relating to the Romoland Subarea, certain costs relating to the Lakeland Village/Wildomar Subarea, certain costs relating to the Desert Communities Project Area, certain costs relating to the Home Gardens Subarea, certain costs relating to the Mead Valley Subarea, and certain costs relating to the Highgroves Subarea (collectively, the "Project").

2. The Agency hereby declares that it reasonably expects (i) to pay certain costs of the Project prior to the date of issuance of the Obligations and (ii) to use a portion of the proceeds of the Obligations for reimbursement of expenditures for the Project that are paid before the date of issuance of the Obligations.

3. The maximum principal amount of the Obligations to be used to reimburse prior expenditures is expected to be approximately \$5,000,000.

4. The Agency understands that, pursuant to United States Income Tax Regulations section 1.150-2(d), in order for a reimbursement from the Obligations for the cost of a portion of the Project to be deemed spent for federal income tax purposes, such reimbursement needs to occur no later than 18 months after the later of (i) the date such expenditure was paid, or (ii) the date the portion of the Project for which such expenditure was made is placed in service, but in no event may any such expenditure being reimbursed be made more than 3 years after such expenditure was paid.

The foregoing resolution was passed and adopted by the Redevelopment Agency for the County of Riverside at a regular meeting held on the 28th day of September, 2004, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Chairman, Board of Directors

(S E A L)

Attest:

By: \_\_\_\_\_  
Secretary