

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE  
RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

444c



**FROM:** Redevelopment Agency

**SUBMITTAL DATE:**  
August 1, 2005

**SUBJECT:** Issuance of 2005 Redevelopment Tax Allocation Bonds

**RECOMMENDED MOTION:** That the Board adopt Resolution No. PFA 2005-04 authorizing the issuance of its 2005 Tax Allocation Revenue Bonds (Riverside County Redevelopment Projects) in an amount not to exceed \$156,000,000), approving an Indenture of Trust, authorizing the sale of the Bonds, approving the Official Statement, and providing for other matters related thereto.,

**BACKGROUND:** Given the current historic low interest rates, the Agency has determined that a net savings of up to \$2 million can be obtained by doing an advanced refunding of the eligible portions of its 1997 non-housing bonds. The bonds which can be advanced refunded are those that were issued for Project Area 1-1986, the Jurupa Valley Project Area, the Mid County Project Area and the Interstate 215 Corridor Project Area.

Additionally, given the tremendous growth that has occurred in the last year, it has been determined that the Agency has the capacity to issue approximately One Hundred Million in new non-housing bonds. Substantial savings can be achieved by refunding the 1997 bonds and issuing new bonds at the same time, capturing the same low interest rate for both. The approximate amount of new net bond proceeds that will be available to fund capital improvement projects for each of the project areas is as follows: (background continued on page 2)

RZ:DL:TE

*Robin Zimpfer*

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Robin Zimpfer, Executive Director

Departmental Concurrence

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	na
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	na
	Annual Net County Cost:	\$ 0	For Fiscal Year:	na

<b>SOURCE OF FUNDS:</b> Future debt service will be paid for with Redevelopment 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

**County Executive Office Signature** *Bhonda King* JUL 29 2005  
*Lee A. Vincent*  
BY \_\_\_\_\_

- Dep't Recomm.:  Policy
- Per Exec. Ofc.:  Policy
- Consent
- Consent

**Prev. Agn. Ref.:** | **District:** all | **Agenda Number:**

5.1

Background continued from page 1:

Project Area 1-1986: \$26,282,000  
Jurupa Valley Project Area: \$41,322,000  
Mid-County Project Area: \$5,276,000  
Desert Communities Project Area: \$13,907,000  
I-215 Corridor Project Area: \$15,853,000

The bonds will be structured as five separate Series on a parity with the outstanding 1997, 2001, and 2004 bonds. These Series will be pooled together and purchased by the County's Public Financing Authority who will resell them under a single Marks Roos Bond Series.

The final sizing of the Non Housing Pooled Series will be constrained by pre-established levels of tax increment available for debt service in each underlying project area. These levels assure sufficient tax increment, after existing and new debt service, to pay all subordinated pass-through payments, ERAF and administrative costs. The Agency's financing will be maximized based upon funds available for new debt service. The non-housing bonds will be insured by XL Capital and have a AAA rating from Standard and Poors and a Aaa rating from Moody's.

The bonds will be underwritten by a team of underwriters including Citigroup and Bank of America. They were selected based on a competitive bid process and demonstrated the capacity to successfully market and sell the bonds at the most favorable rate and cost to the Agency.

The Agency's goal is to receive the highest ratings and lowest interest rate possible. One way to accomplish this is by entering into subordination agreements with the taxing entities that receive tax increment pass through payments from the Agency to gain additional debt service coverage for the bonds. The Agency is seeking subordination of all statutory pass through payments (those made in project areas established after 1994). Additionally, the Agency desires to obtain subordination from the County, County Service Areas, Riverside County Regional Parks and Open Space District and the Flood Control and Water Conservation District for all pass through payments for all project areas including the negotiated pre-AB1290 pass through payments. Subordination of their pass through payments would mean that the taxing entities would agree that in the unforeseen circumstance that the Agency was unable to make the semi-annual debt service payments on the bonds, the Agency would be able to borrow the pass through payment amounts to make the debt service payments. The borrowed funds would be paid back with interest at the County's investment rate. Repayment of any borrowed funds would be senior to other Agency expenditures and debt other than the bonds. With the average coverage of 1.44 times or higher provided on the issuance, it is highly unlikely that the entities would ever be affected by the subordination.

It is recommended that the Board adopt Resolution No. PFA 2005-04 so that the Agency can proceed with selling the bonds

**RESOLUTION NO. PFA 2005-04****RESOLUTION OF THE RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF ITS 2005 TAX ALLOCATION REVENUE BONDS (COUNTY OF RIVERSIDE REDEVELOPMENT PROJECTS) IN AN AMOUNT NOT TO EXCEED \$156,000,000 WITH RESPECT TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE VARIOUS REDEVELOPMENT PROJECTS, APPROVING AN INDENTURE OF TRUST, AUTHORIZING SALE OF BONDS, APPROVING OFFICIAL STATEMENT AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO**

**WHEREAS**, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement dated March 20, 1990 by and between the Redevelopment Agency for the county of Riverside (the "Agency") and the County of Riverside (the "County"), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized pursuant to Article 4 of the Act (the "Bond Law") to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, the County or the Agency to provide financing and refinancing for public capital improvements of the County or the Agency; and

**WHEREAS**, for the purpose of providing funds to purchase up to five (5) separate bond issues of the Agency (collectively, the "Agency Bonds") and provide the Agency with funds to finance redevelopment activities of the Agency with respect to its Project Area No. 1, its Jurupa Valley Project Area, its Mid-County Redevelopment Project Area, its Desert Communities Redevelopment Project Area, and its Interstate 215 Corridor Redevelopment Project Area, the Authority has determined to issue its Riverside County Public Financing Authority 2005 Tax Allocation Revenue Bonds (County of Riverside Redevelopment Projects) in the not to exceed aggregate principal amount of \$156,000,000 (the "Authority Bonds"), all pursuant to and secured by an Indenture of Trust (the "Indenture"), expected to be dated as of September 1, 2005, by and between the Authority and BNY Western Trust Company, as trustee, (the "Trustee");

**WHEREAS**, the Authority Bonds are to be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, (the "Act") constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California; and

**WHEREAS**, as a condition precedent to the issuance of the Authority Bonds by the Authority, Section 6586.5 of the California Health and Safety Code requires that the Agency or the County approve the proposed issuance by the Authority and that the Agency or the County make certain findings with respect to such issuance of the Authority Bonds, and Section 6586.5 further requires that such approval be given and findings be made only after noticed public hearing thereon; and

**WHEREAS**, the County has duly held such public hearing, has made such findings and has approved the issuance of the Authority Bonds by the Authority; and

**WHEREAS**, the Underwriter (as defined herein) has agreed to purchase the Authority Bonds in accordance with the bond purchase agreement in form on file with the Secretary (the "Purchase Contract"), and, in connection with the offering of the Authority Bonds, Jones Hall, as

disclosure counsel to the Authority, has caused to be prepared a form of the Official Statement for the Authority Bonds (the "Official Statement"), the form of which is on file with the Secretary; and

**WHEREAS**, the Board has duly considered the transactions described above and wishes at this time to approve such transactions in the public interests of the Authority and the Agency;

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of Directors of the Riverside County Public Financing Authority, as follows:

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

**Section 2. Issuance of Bonds.** Under and pursuant to the Act and the Indenture and for the purposes above described, the Board hereby authorizes the issuance of the Authority Bonds in the combined aggregate principal amount of not to exceed \$156,000,000. The Board hereby approves the Indenture in substantially the form on file with the Secretary together with any additions thereto or changes therein deemed necessary or advisable by the Chairman, the Vice Chairman, the Executive Director, the Assistant Executive Director and the Deputy Executive Director of the Agency (who is also an Assistant Secretary of the Authority) (each, a "Designated Officer"), whose execution thereof shall be conclusive evidence of approval of any such additions and changes. The Designated Officers are hereby separately authorized and directed to execute the final form of the Indenture for and in the name and on behalf of the Authority. Such changes and additions shall include, without limitation, the insertion in the Indenture of the applicable final annual maturities and final aggregate principal amount of the Authority Bonds and the final annual interest rates payable with respect to the Authority Bonds, as provided in the executed Purchase Contract. The Board hereby authorizes the delivery and performance of the Indenture.

**Section 3. Purchase of Agency Bonds.** The Authority hereby authorizes and approves the purchase from the Agency of up to the five series of Agency Bonds, as follows:

- (i) Redevelopment Agency for the County of Riverside Project Area No. 1 2005 Tax Allocation Bonds, Series A, in an initial amount not to exceed \$32,000,000;
- (ii) Redevelopment Agency for the County of Riverside Jurupa Valley Project Area 2005 Tax Allocation Bonds, Series B, in an initial amount not to exceed \$65,000,000;
- (iii) Redevelopment Agency for the County of Riverside Mid-County Redevelopment Project Area 2005 Tax Allocation Bonds, Series C, in an initial amount not to exceed \$14,000,000;
- (iv) Redevelopment Agency for the County of Riverside Desert Communities Redevelopment Project Area 2005 Tax Allocation Bonds, Series D, in an initial amount not to exceed \$17,000,000; and
- (v) Redevelopment Agency for the County of Riverside Interstate 215 Corridor Redevelopment Project Area 2005 Tax Allocation Bonds, Series E, in an initial amount not to exceed \$28,000,000.

The Authority hereby approves the purchase of the Agency Bonds on the terms and conditions set forth in the Indenture and the Agency Bonds Indentures (as such term is defined in the Indenture).

**Section 4. Sale of Authority Bonds.** The Board hereby authorizes and directs the Designated Officers, each acting alone, to select, through a competitive process and upon consultation with the Agency's Financial Advisor, C.M. de Crinis & Co. Inc., an underwriter or underwriters (the "Underwriter") and to negotiate the sale of the Authority Bonds by negotiation with the Underwriter, pursuant to the Purchase Contract by and among the Authority, the Agency and the Underwriter, in substantially the form on file with the Secretary together with any changes therein or additions thereto approved by the Designated Officers, including modifications to provide for the private placement of all or a portion of the Authority Bonds and the payment of applicable placement agent fees, whose execution thereof shall be conclusive evidence of approval of any such additions and changes. The Purchase Contract shall be executed in the name and on behalf of the Authority by a Designated Officer, each of whom, acting alone, is hereby authorized and directed to execute and deliver the Purchase Contract on behalf of the Authority; *provided, however*, that (i) the interest cost payable with respect to the Authority Bonds shall not exceed six percent (6%) per annum and the Underwriter's discount (exclusive of original issue discount) on the Authority Bonds shall not exceed one percent (1%) of the par amount thereof, excluding original issue discount on the Authority Bonds and (ii) that portion of the Authority Bonds being issued to refinance previously incurred obligations of the Authority (as contemplated by the Redemption Agreement) results in net debt service savings as determined by the Designated Officers.

**Section 5. Approval of Agreement Regarding the Redemption, Defeasance and Payment of 1997 Authority Bonds and 1997 Loan Agreements.** The Agreement Regarding the Redemption Defeasance and Payment of 1997 Authority Bonds and 1997 Loan Agreements (the "Redemption Agreement") among the Authority, the Agency and The Bank of New York Trust Company, National Association, as escrow trustee, in the form presented to this meeting, is hereby approved. The Designated Officers are, and each of them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the Agency, to execute the Redemption Agreement in said form, together with such additions thereto or changes therein as are recommended or approved by the Designated Officers, upon consultation with bond counsel to the Authority, the approval of such additions or changes to be conclusively evidenced by the execution and delivery by the Authority of the Redemption Agreement.

**Section 6. Official Statement.** The Board hereby approves the Preliminary Official Statement describing the Authority Bonds, in substantially the form submitted by the Underwriter and on file with the Secretary, together with any changes therein or additions thereto necessary or convenient to cause the Preliminary Official Statement to describe accurately matters pertaining to the Authority Bonds and the Designated Officers are each separately authorized and directed on behalf of the Authority to review the final form of the preliminary Official Statement and to deem the Preliminary Official Statements "near final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934, prior to distribution by the Underwriter. Distribution of the "near final" preliminary Official Statement by the Underwriter is hereby approved. The Board hereby authorizes the distribution of the final Official Statement by the Underwriter. The Designated Officers are each separately hereby authorized and directed to approve any changes in or additions to the final form of the Official Statement, whose execution thereof shall be conclusive evidence of approval of any such changes and additions. The final Official Statement shall be executed in the name and on behalf of the Authority by a Designated Officer, each of whom is hereby authorized and directed to execute and deliver the final Official Statement on behalf of the Authority.

**Section 7. Amendment of 1997 Loan Agreements.** The Board hereby authorizes the execution of one or more amendments to the 1997 Loan Agreements if the Designated Officers, each acting alone, upon consultation with the Financial Advisor, determine that such an amendment or amendments will result in a more advantageous refunding structure or will otherwise be of benefit to the Authority.

**Section 8. Municipal Bond Insurance.** The Designated Officers, each acting alone, are hereby authorized and directed to obtain a municipal bond insurance policy for the Authority Bonds if it is determined, upon consultation with the Underwriter and the Financial Advisor to the Agency, that such municipal bond insurance policy will reduce the true interest costs with respect to the Authority Bonds and the Agency Bonds.

**Section 9. Official Action.** The Chairman, the Vice Chairman, the Executive Director, the Assistant Executive Director, the Deputy Executive Director, in her capacity as Assistant Secretary of the Authority, the Secretary, and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions (including requisitions for the payment of costs of issuance of the Authority Bonds), agreements (including agreements in customary form providing for the investment of proceeds of the Authority Bonds), notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, sale and delivery of the Authority Bonds and the purchase of the Agency Bonds. Each of the foregoing named officers of the Authority are authorized to act on behalf of any other officer of the Authority who is authorized and directed herein to act on behalf of the Authority.

**Section 10. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.

The foregoing resolution was passed and adopted by the Board of Directors of the Riverside County Public Financing Authority at a regular meeting held on the 9th day of August, 2005, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(S E A L)

Attest:

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