

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:

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 conduct the public hearing, approve the proposed subordination agreements and adopt Resolution No. 2005-368 so that the authorizing issuance of the bonds.

RESOLUTION NO. 2005-368**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE APPROVING ISSUANCE BY THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE OF NOT TO EXCEED \$156,000,000 AGGREGATE PRINCIPAL AMOUNT OF TAX ALLOCATION BONDS, AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO**

WHEREAS, the Redevelopment Agency for the County of Riverside (the "Agency") proposes to issue up to five (5) separate series of bonds (the "Bonds") under and pursuant to the provisions of Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California (the "Law") and other applicable laws, for the purpose of financing and refinancing redevelopment activities within and of benefit to the Agency's various redevelopment projects;

WHEREAS, Section 33640 of the Law requires the Agency to obtain the approval of the Board of Supervisors of the County of Riverside prior to issuance of the Bonds;

WHEREAS, the Board of Supervisors approves of the issuance of the Bonds as being in the public interests of the County of Riverside and of the Agency;

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

WHEREAS, the County has duly held such public hearing after due publication of the notice of time and place of such public hearing;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Riverside as follows:

Section 1. Approval of Issuance of Bonds. The Board of Supervisors of the County of Riverside approves the issuance of the following Bonds by the Redevelopment Agency for the County of Riverside:

- (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.

Section 2. Significant Public Benefits. The County hereby approves the issuance of the Authority Bonds by the Authority and determines that there are significant public benefits to the Agency and the County from the proposed financing in that there will be demonstrable savings to the Agency from the public sale of one issue of bonds (rather than five separate sales of Agency Bonds) and the use of proceeds of the Authority Bonds to purchase the five series of Agency Bonds, including savings in effective interest rate and issuance costs, all as evidenced by the calculations provided by the Agency's Financial Advisor with respect to the issuance of the Authority Bonds on file in the records of the Agency.

Section 3. Subordination Agreements. The appropriate officers of the County are also authorized to execute and deliver subordination agreements or acknowledgements with the Agency and, if appropriate, other taxing entities within the County pursuant to which such taxing entities subordinate their right to receive tax increment to the payment of debt service on the Bonds and other outstanding parity debt of the Agency.

Section 4. Effective Date. This Resolution shall take effect from and after its adoption.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair

(S E A L)

Attest:

By: _____
Clerk of the Board of Supervisors