

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

985



FROM: Economic Development Agency

SUBMITTAL DATE:
March 26, 2007

SUBJECT: Approval of Issuance of Refunding Bonds by the Redevelopment Agency for the County of Riverside

RECOMMENDED MOTION: That the Board of Supervisors adopt Resolution No. 2007-182 approving the issuance of refunding bonds by the Redevelopment Agency for the County of Riverside and approving the subordination of pass-through payments to the debt service on the bonds.

BACKGROUND: In 2001, the Redevelopment Agency issued tax allocation bonds for the Jurupa Valley Redevelopment Project Area. Given the current low interest rates, the Agency has an opportunity to save approximately 3.5% on the outstanding balance of the bonds by advance refunding the bonds. In conjunction with the refunding, with the improved credit of the project area, the Agency can obtain a surety bond in lieu of providing a reserve fund which was required on the 2001 bonds.

The surety bond will allow the Agency to obtain approximately \$7 million in additional bond proceeds to fund redevelopment projects. The bonds will be on a parity with the outstanding 1997, 2004, 2005, and 2006 bonds and will be insured with a triple A rating from Standard and Poors and Moody's.

(continued on page 2)

Robin Zimpfer

Robin Zimpfer
Assistant County Executive Officer/EDA

DATE:
BY:
RDACOM\RDA_ADMN\Bond Issues\2007 JVPA Refunding\F11 and Resolutions\F11 for County 3-26-07.doc

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: yes

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

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

County Executive Office Signature

James R. Payne

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

Prev. Agn. Ref.: District: 2 Agenda Number:

3.9

Form 11 - Approval of Issuance of Refunding Bonds by the Redevelopment Agency for the County
of Riverside

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BACKGROUND (continued):

The bonds will be purchased by the County's Public Financing Authority who will resell them through a negotiated sale with Citigroup and Stone and Youngberg as the underwriters. The underwriters were selected based on the competitive bid process that was completed for the 2006 bond issue and their demonstrated capacity to successfully market and sell the bonds at the most favorable rate and cost to the Agency. They have agreed to sell the refunding bonds for the same rate that they proposed for the 2006 bonds.

As was done for the 2001 bonds, in order to receive the highest ratings, lowest interest rate and maximum coverage on the bonds, the Agency is seeking subordination of all statutory pass-through payments. Additionally, the Agency is seeking 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 the pass-through payments would mean the taxing entities would agree that in the unforeseen circumstance that the Agency was unable to make the debt service payments on the bonds, the Agency would be able to borrow the pass-through payment amounts to make the debt service payments. Repayment of any borrowed funds would be senior to other Agency expenditures and debt. With the average coverage of 1.25 times or higher provided on the issuance, it is highly unlikely the entities would ever be affected by the subordination.

It is recommended the Board adopt Resolution No. 2007-182 so the Agency can proceed with the refunding

RESOLUTION NO. 2007-182

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 \$97,000,000 AGGREGATE PRINCIPAL AMOUNT OF REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE JURUPA VALLEY PROJECT AREA 2007 TAX ALLOCATION REFUNDING BONDS, AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, the Redevelopment Agency for the County of Riverside (the "Agency") proposes to issue its not to exceed \$97,000,000 aggregate principal amount of its Jurupa Valley Project Area 2007 Tax Allocation Refunding 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 Jurupa Valley Project;

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; and

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

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 Bonds by the Redevelopment Agency for the County of Riverside, as herein above described.

Section 2. Subordination Agreements. The Assistant County Executive Officer/EDA, and other appropriate officers of the County, are also authorized to execute and deliver subordination agreements with the Agency pursuant to which the County subordinates its right to receive tax increment to the payment of debt service on the Bonds and other outstanding parity debt of the Agency.

Section 3. Effective Date. This Resolution shall take effect from and after its adoption.

The foregoing resolution was passed and adopted by the Board of Supervisors of the County of Riverside at a regular meeting held on the 3rd day of April, 2007, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

(S E A L)

Attest:

By: _____
Clerk of the Board of Supervisors

Chair

FORM APPROVED
COUNTY COUNSEL

MAR 27 2007

BY Deyleh