

**SUBMITTAL TO THE BOARD OF SUPERVISORS,
COMMUNITY FACILITIES DISTRICT'S LEGISLATIVE BODY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

150



FROM: Executive Office

SUBMITTAL DATE:
October 23, 2014

SUBJECT: Refunding of the County of Riverside Community Facilities District No. 03-1 (Newport Road) Special Tax Bonds, Series 2004 (the "Series 2004 Bonds") (\$200,000) **(Vote on Separately)**

RECOMMENDED MOTION: That the Board acting ex officio as the legislative body of Community Facilities District No. 03-1 of the County of Riverside:

1. Approve and adopt Resolution No. CFD 2014-08; (a) authorizing the issuance of Community Facilities District No. 03-1 (Newport Road) Special Tax Refunding Bonds, Series 2014 in an aggregate principal amount not to exceed \$17,000,000, (b) authorizing the execution and delivery of an Indenture, a Bond Purchase Agreement, an Escrow Agreement, and a Continuing Disclosure Agreement, and (c) authorizing the preparation of an Official Statement and all other matters related thereto.

BACKGROUND:

Summary

Community Facilities District No. 03-1 (Newport Road) formed on April 15, 2003, to fund the acquisition and construction of public facilities including Newport Road. At a landowner election held on July 29, 2003, the qualified electors of the district authorized the community facilities district ("CFD") to incur bonded indebtedness of the CFD.

Continued

Stephanie Persi

Stephanie Persi
Senior Management Analyst

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 200,000	\$ N/A	\$ 200,000	\$ N/A	Consent <input type="checkbox"/> Policy X
NET COUNTY COST	\$ N/A	\$ N/A	\$ N/A	\$ N/A	

SOURCE OF FUNDS: CFD 03-1 Bond Proceeds

Budget Adjustment: No

For Fiscal Year: 2014/15

C.E.O. RECOMMENDATION:

APPROVE

BY:

Ivan M. Chand

County Executive Office Signature

Ivan M. Chand 10/28/2014

MINUTES OF THE BOARD OF SUPERVISORS

☐ Positions Added
☐ Change Order

☐ A-30
☐ 4/5 Vote

Prev. Agn. Ref.:

District: ALL

Agenda Number:

8-1

SUBMITTAL TO THE COMMUNITY FACILITIES DISTRICT'S LEGISLATIVE BODY

FORM 11: Refunding of Community Facilities District No. 03-1 Special Tax Bonds, Series 2004

DATE: October 23, 2014

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

On August 24, 2004, the Series 2004 Bonds were issued in the amount of \$20,000,000, with interest rates ranging from 2.10% to 6.00% and final maturity of September 1, 2030. The par amount of the Series 2004 Bonds currently outstanding is \$15,045,000.

Current market conditions allow for a full refunding of the Series 2004 Bonds through the issuance of Community Facilities District 03-1 (Newport Road) of the County of Riverside Special Tax Refunding Bonds, Series 2014 (the "Series 2014 Bonds"). This can provide the property owners in the CFD with a total of at least \$622,000 in present value savings or 4.14% of the refunded par. This exceeds the Board Policy B-24 requirement of at least 3% net present value savings. In addition, this refunding will not extend the maturity date per that policy.

If approved, staff recommends issuing approximately \$17 million in fixed interest rate bonds. The savings will average at least \$123,000 annually through the life of the bonds. The average annual debt service is anticipated to be about \$1.3 million.

The proposed sale and issuance of the Series 2014 Bonds has been reviewed and approved by the County's Debt Advisory Committee.

Impact on Citizens and Businesses

The property owners within the district, that currently pay the special taxes, will realize the savings.

SUPPLEMENTAL:

Additional Fiscal Information

See the attached financing documents.

RESOLUTION NO. CFD 2014-08

**A RESOLUTION OF THE LEGISLATIVE BODY OF
COMMUNITY FACILITIES DISTRICT NO. 03-1
(NEWPORT ROAD) OF THE COUNTY OF RIVERSIDE
AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$17,000,000 AGGREGATE PRINCIPAL AMOUNT OF
COMMUNITY FACILITIES DISTRICT NO. 03-1
(NEWPORT ROAD) OF THE COUNTY OF RIVERSIDE
SPECIAL TAX REFUNDING BONDS, SERIES 2014,
AUTHORIZING THE EXECUTION AND DELIVERY OF
AN INDENTURE, AN ESCROW AGREEMENT, A BOND
PURCHASE AGREEMENT AND A CONTINUING
DISCLOSURE AGREEMENT AND THE PREPARATION
OF AN OFFICIAL STATEMENT AND OTHER MATTERS
RELATED THERETO**

WHEREAS, the Board of Supervisors (the "Board of Supervisors") of the County of Riverside (the "County") has formed Community Facilities District No. 03-1 (Newport Road) of the County of Riverside (the "Community Facilities District") under the Mello-Roos Community Facilities Act of 1982 (the "Act");

WHEREAS, pursuant to the Act, the Board of Supervisors is the *ex officio* legislative body (the "Legislative Body") of the Community Facilities District;

WHEREAS, the Community Facilities District is authorized under the Act to levy special taxes (the "Special Taxes") to finance certain public facilities (the "Facilities") and to issue bonds payable from the Special Taxes;

WHEREAS, in order to provide funds to finance certain of the Facilities, the Community Facilities District previously issued its Community Facilities District No. 03-1 (Newport Road) of the County of Riverside Special Tax Bonds, Series 2004 (the "Prior Bonds"), in the aggregate principal amount of \$20,000,000;

WHEREAS, the Community Facilities District is authorized under the Act to issue bonds payable from the Special Taxes in order to refund the Prior Bonds;

WHEREAS, the Community Facilities District desires to refund the Prior Bonds;

WHEREAS, in order to provide a portion of the moneys required to refund the Prior Bonds, the Community Facilities District desires to provide for the issuance of the Community Facilities District No. 03-1 (Newport Road) of the County of Riverside Special Tax Refunding Bonds, Series 2014 (the "Series 2014 Bonds"), in the aggregate principal amount of not to exceed \$17,000,000;

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 11/23/14
DATE
DALE A. GARDNER

WHEREAS, in order to provide for the authentication and delivery of the Series 2014 Bonds, to establish and declare the terms and conditions upon which the Series 2014 Bonds are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the Community Facilities District proposes to enter into an Indenture with Wells Fargo Bank, N.A., as trustee (the "Trustee") (such Indenture, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Indenture");

WHEREAS, the moneys to defease and redeem the Prior Bonds will be applied to such purpose pursuant to an Escrow Agreement by and between the Community Facilities District and Wells Fargo Bank, N.A., as prior trustee and as escrow bank (such Escrow Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Escrow Agreement");

WHEREAS, Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), has presented the Community Facilities District with a proposal, in the form of a Bond Purchase Agreement, to purchase the Series 2014 Bonds from the Community Facilities District (such Bond Purchase Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Purchase Agreement");

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Series 2014 Bonds, the underwriter thereof must have reasonably determined that the Community Facilities District has, or one or more appropriate obligated persons have, undertaken in a written agreement or contract for the benefit of the holders of the Series 2014 Bonds to provide disclosure of certain financial information and certain material events on an ongoing basis;

WHEREAS, in order to cause such requirement to be satisfied, the Community Facilities District desires to enter into a Continuing Disclosure Agreement with the Trustee (such Continuing Disclosure Agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Continuing Disclosure Agreement");

WHEREAS, a form of the Preliminary Official Statement to be distributed in connection with the public offering of the Series 2014 Bonds has been prepared (such Preliminary Official Statement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Preliminary Official Statement");

WHEREAS, there have been prepared and submitted to this meeting forms of:

- (a) the Indenture;
- (b) the Escrow Agreement;
- (c) the Purchase Agreement;

- (d) the Continuing Disclosure Agreement; and
- (e) the Preliminary Official Statement;

WHEREAS, the Community Facilities District desires to authorize the issuance of the Series 2014 Bonds and the execution of such documents and the performance of such acts as may be necessary or desirable to effect the issuance of the Series 2014 Bonds;

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE ACTING *EX OFFICIO* AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 03-1 (NEWPORT ROAD) OF THE COUNTY OF RIVERSIDE, in regular session assembled on November 4, 2014, does hereby resolve, find, determine and order as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. Subject to the provisions of Section 3 hereof, the issuance of the Series 2014 Bonds, in an aggregate principal amount of not to exceed \$17,000,000, on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture, is hereby authorized and approved. The Series 2014 Bonds shall be dated, shall bear interest at the rates, shall mature on the dates, shall be subject to call and redemption, shall be issued in the form and shall be as otherwise provided in the Indenture, as the same shall be completed as provided in this Resolution.

Section 3. The Indenture, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved. Each of the Chairman of the Legislative Body, and such other members of the Legislative Body as the Chairman may designate, the County Executive Officer of the County, the Chief Assistant County Executive Officer of the County, the Deputy County Executive Officer of the County and the County Finance Director of the County, and such other officers of the County as the County Executive Officer may designate (the "Authorized Officers") is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute and deliver the Indenture in the form submitted to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Indenture by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not authorize an aggregate principal amount of Series 2014 Bonds in excess of \$17,000,000, shall not result in a final maturity date of the Series 2014 Bonds later than September 1, 2030 and shall not result in a true interest cost for the Series 2014 Bonds in excess of 6.00%.

Section 4. The refunding of the Prior Bonds is hereby approved. Such refunding shall be accomplished by paying the interest due and payable on the Prior Bonds to and including March 1, 2015, and redeeming the Prior Bonds on March 1, 2015 by paying the redemption price thereof. In accordance with Section 53363.8 of the Act, the Legislative Body hereby designates the following costs and expenses as the "designated costs of issuing the refunding bonds:"

(a) all expenses incident to the calling, retiring, or paying of the Prior Bonds and incident to the issuance of the Series 2014 Bonds, including the charges of any agent in connection with the issuance of the Series 2014 Bonds or in connection with the redemption or retirement of the Prior Bonds;

(b) the interest upon the Prior Bonds from the date of sale of the Series 2014 Bonds to the date upon which the Prior Bonds will be paid pursuant to call; and

(c) any premium necessary in the calling or retiring of the Prior Bonds.

Section 5. The Escrow Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute and deliver the Escrow Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Escrow Agreement by such Authorized Officer.

Section 6. The Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute and deliver the Purchase Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Purchase Agreement by such Authorized Officer; provided, however, that such changes, insertions and omissions shall not result in an aggregate underwriter's discount (not including any original issue discount) from the principal amount of the Series 2014 Bonds in excess of 0.75% of the aggregate principal amount of the Series 2014 Bonds. The Legislative Body hereby finds and determines that the sale of the Series 2014 Bonds at negotiated sale as contemplated by the Purchase Agreement will result in a lower overall cost.

Section 7. The Continuing Disclosure Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute and deliver the Continuing Disclosure Agreement in the form presented to this meeting, with such changes, insertions and omissions as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure Agreement by such Authorized Officer.

Section 8. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes, insertions and omissions therein as may be approved by an Authorized Officer, be and the same is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Series 2014 Bonds is hereby authorized and approved. The Authorized Officers are

each hereby authorized to certify on behalf of the Community Facilities District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 9. The preparation and delivery of a final Official Statement (the "Official Statement"), and its use in connection with the offering and sale of the Series 2014 Bonds, be and the same is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the Community Facilities District, to execute the final Official Statement and any amendment or supplement thereto.

Section 10. The assessed values of the property within the Community Facilities District are set forth in the Preliminary Official Statement and the value-to-lien information with respect thereto is set forth therein and, based thereon, the Legislative Body, for purposes of Section 53345.8 of the Act, hereby finds and determines that the value of the real property that would be subject to the Special Tax to pay debt service on the Series 2014 Bonds will be at least three times the principal amount of the Series 2014 Bonds to be sold and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act on property within the Community Facilities District or a special assessment levied on property within the Community Facilities District.

Section 11. The officers of the County, acting *ex officio* on behalf of the Community Facilities District, are, and each of them is, hereby authorized and directed to do any and all things, and to execute and deliver any and all documents which said officers may deem necessary or advisable in order to accomplish the purposes of this Resolution and not inconsistent with the provisions hereof.

ADOPTED, SIGNED AND APPROVED this 4th day of November, 2014, by the Board of Supervisors of the County of Riverside, acting *ex officio* as the Legislative Body of Community Facilities District No. 03-1 (Newport Road) of the County of Riverside.

Chairman of the Board of Supervisors

ATTEST:
Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: _____
Deputy

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE) ss.

I, Kecia Harper-Ihem, Clerk of the Board of Supervisors of the County of Riverside, California, acting *ex officio* as the Clerk of the Legislative Body for Community Facilities Districts for the County of Riverside, do hereby certify that the foregoing Resolution No. CFD 2014-08 was duly adopted by the Board of Supervisors of said County, acting *ex officio* as the Legislative Body of Community Facilities District No. 03-1 (Newport Road) of the County of Riverside, at a meeting of said Board held on the 4th day of November, 2014, and that it was so adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

_____, Deputy
Clerk of the Board of Supervisors
of the County of Riverside, *ex officio* the
Clerk of the Legislative Body

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, Kecia Harper-Ihem, Clerk of the Board of Supervisors of the County of Riverside, California, acting *ex officio* as the Clerk of the Legislative Body for Community Facilities Districts for the County of Riverside, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. CFD 2014-08 of the Board of Supervisors of said County, acting *ex officio* as the legislative body of Community Facilities District No. 03-1 (Newport Road) of the County of Riverside, and that the same has not been amended or repealed.

Dated: _____

_____, Deputy
Clerk of the Board of Supervisors
of the County of Riverside, *ex officio* the
Clerk of the Legislative Body