

FORM APPROVED COUNTY COUNSEL
 BY: *[Signature]* 11/15/14
 DATE: GREGORY P. PRIAMOS

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

266



FROM: Executive Office

SUBMITTAL DATE:
 November 13, 2014

SUBJECT: Resolution No. PFA 2014-03 Authorizing the Issuance and Sale of the Public Finance Authority's 2014 Tax Allocation Revenue Bonds Series B (Hemet Redevelopment Project) (Vote on Separately)

RECOMMENDED MOTION: That the Board of Directors:

1. Approve and adopt Resolution No. PFA 2014-03 authorizing the issuance and sale of the Public Finance Authority's ("PFA") 2014 Tax Allocation Revenue Bonds Series B, (Hemet Redevelopment Project) in a principal amount not to exceed \$14,000,000 to purchase refunding bonds of the Successor Agency to Hemet Redevelopment Agency; and authorizing and approving related documents and actions; and,
2. Approve the professionals involved in the financing.

BACKGROUND:

Summary

(Commences on page 2)

Alex Gann

Alex Gann
 Deputy County Executive Officer

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS:

Budget Adjustment: No
 For Fiscal Year: 14-15

C.E.O. RECOMMENDATION:

Approved
Jay E. Davis

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- Positions Added
- Change Order
- A-30
- 4/5 Vote

Prev. Agn. Ref.: 9/24/13, 4-1

District: 3

Agenda Number:

5-1

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE COUNTY PUBLIC FINANCE AUTHORITY
FORM 11: Resolution No. PFA 2014-03 Authorizing the Issuance and Sale of the PFA's 2014 Tax
Allocation Bonds, (Hemet Redevelopment Project)**

DATE: November 13, 2014

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BACKGROUND:

Summary (continued)

On September 24, 2013 (Item 4-1) the Board of Supervisors approved, in principle, a County Redevelopment Bond Refunding Program to assist County Successor Agencies ("SA") refund outstanding tax increment bonded indebtedness to save money on the SA's debt service payments and increase available property tax revenues to be distributed to the County, school districts, community college districts and other taxing entities under the Redevelopment Dissolution Law (ABx1 26 as amended by AB 1484). The ultimate goal of this program is to facilitate the refunding bonds for SAs in Riverside County. The program is managed exclusively by the County.

Resolution No. PFA 2014-03 authorizes the issuance and sale of the PFA's 2014 Tax Allocation Revenue Bonds, Series B (Hemet Redevelopment Project) ("the Authority Bonds") in a principal amount of not to exceed \$14,000,000 to purchase a bond issue of the Hemet SA to refund all or a portion of certain bonds issued by the former Redevelopment Agency of the City of Hemet. As of October 7, 2014, the net present value savings from this refunding is estimated to be approximately \$1.74 million or 14.1% of the amount of bond refunded which exceeds the minimum savings required by County policy of 3%.

The Hemet SA and its Oversight Board approved the refunding on August 26 and 27, 2014. The State Department of Finance ("DOF") is expected to give final approval of the refunding on or about November 7, 2014. The refunding is conditioned on obtaining DOF approval.

The Authority Bonds will be special, limited obligations of the Authority, payable from and secured by certain revenues of the PFA consisting primarily of payments on the Hemet SA bonds which the PFA will purchase. Those Hemet SA bonds are payable from and secured by designated property tax (formerly tax increment revenues) which is deposited from time to time in the Redevelopment Property Tax Trust Fund and tax increment from the Hemet Redevelopment Project. Payments under the purchased Hemet SA bonds are calculated to be sufficient to permit the PFA to pay the principal of, premium, if any, and interest on the Authority Bonds when due. Following the refunding issue there will be no other bonds outstanding by the Hemet SA.

The Authority Bonds will not constitute a charge against the general credit of the PFA or any of its members. Under no circumstances will the PFA be obligated to pay principal of, redemption premium, if any, or interest on the Authority Bonds except from the payments that the PFA receives on the purchased Hemet SA bonds. Neither the County nor any public agency other than the PFA is obligated to pay the principal of or redemption premium, if any, or interest on the Authority Bonds and neither the faith and credit nor the taxing power of the County or any public agency is pledged to the payment of the Authority Bonds. The Authority Bonds do not constitute a debt or other obligation of the County and no funds of the County are pledged to the repayment of the Authority Bonds.

Resolution No. PFA 2014-03 also approves various documents associated with the issuance and sale of the Authority Bonds, including a Preliminary Official Statement.

Connected and a part of the issuance and sale of the Public Finance Authority's 2014 Tax Allocation Revenue Bonds Series B (Hemet Redevelopment Project) is a companion item on the County Board Agenda. The County Board is being asked, as part of the refunding, to approve a Third Amendment to the Settlement Agreement between the County, the City of Hemet and the Former Hemet Redevelopment Agency. The County pass through payments (currently over \$2 million per year) are subordinated, by virtue of the Second Amendment to the Settlement Agreement approved in April of 2002, to the outstanding Series 1999 and Series 2002 bonds. The Series 1999 and 2002 bonds are proposed to be refunded by the Public Finance Authority's 2014 Tax Allocation Revenue Bonds Series B reducing annual debt service from on average \$1.026 million to

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DATE: November 13, 2014

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\$904,000. The Third Amendment is required, although this is a refunding of the Series 1999 and 2002 Bonds, since the County's existing subordination under the Second Amendment is not automatically extended to the Refunding Bonds and requires new County, SA, Oversight Board and DOF approval. The Hemet SA and Oversight Board have approved this proposed Amendment and the DOF expect to approve it. The proposed refunding does not extend the term of the bonds beyond the current term of 2031 and reduces the bond debt service increasing the amounts available to make the County pass through payment. The subordination is requested to enhance the credit quality of the bonds and increase the savings. Without the subordination it may not be possible to refund the bonds. If the Third Amendment is not approved and the Series 1999 and Series 2002 Bonds are not refunded the County pass through payments will remain subordinated to the remaining Series 1999 and Series 2002 Bond debt service.

The professionals working on the issuance and sale of the Authority Bonds include Jones Hall, a Professional Law Corporation, as Bond Counsel; Best Best & Krieger LLP as Disclosure Counsel; and C.M. de Crinis & Co. Inc., as financial advisor. The cost of professional services will be paid from the proceeds of the Authority Bonds. In addition, the Authority, on behalf of the County, will receive a semi-annual administrative fee to act as Program Manager. The Authority and County Counsel will also be reimbursed from bond proceeds for administrative costs related to the refinancing.

Staff recommends that the Board adopt Resolution No. PFA 2014-03 and approve the professionals working on the financing.

Impact on Citizens and Businesses

Approval of this refunding will be beneficial to the citizens of Riverside County. County residents and businesses will ultimately benefit from the surplus property tax revenues that will be derived from the refunding which will be distributed to impacted taxing entities. NPV savings are estimated, as of November 7, 2014, at \$1,746,687 and total cash flow savings are \$2,052,397, as shown in Exhibit A.

Attachments:

1. Resolution PFA No. 2014-03
2. Indenture
3. Local Obligation Purchase Contract
4. Purchase Agreement
5. Preliminary Official Statement
6. Continuing Disclosure Agreement

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RESOLUTION NO. 2014-03

RESOLUTION OF THE RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY AUTHORIZING THE ISSUANCE OF ITS 2014 TAX
ALLOCATION REVENUE BONDS (HEMET REFUNDING PROJECT) IN
A PRINCIPAL AMOUNT OF NOT TO EXCEED \$14,000,000, WITH
RESPECT TO THE PURCHASE OF REFUNDING BONDS OF THE
SUCCESSOR AGENCY TO THE HEMET REDEVELOPMENT AGENCY,
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, local agencies (as such term is defined in the Bond
Law);

WHEREAS, for the purpose of providing funds to purchase an
issue of bonds (the "Successor Agency Bonds") of the Successor

FORM APPROVED COUNTY COUNSEL
11/6/14
DALE A. GARDNER

1 Agency to the Hemet Redevelopment Agency (the "Successor
2 Agency") issued by the Successor Agency to refund certain bonds
3 issued by the former Redevelopment Agency of the City of Hemet,
4 the Authority intends to issue its 2014 Tax Allocation Revenue
5 Bonds (Hemet Refunding Project") (the "Authority Bonds");
6

7
8 **WHEREAS,** the Authority will use the proceeds of the
9 Authority Bonds to purchase the Successor Agency Bonds pursuant
10 to the terms of the Local Obligation Purchase Contract (the
11 "Local Obligation Purchase Contract") to be entered into by the
12 Authority and the Successor Agency;

13
14 **WHEREAS,** the Underwriters (as defined herein) have agreed
15 to purchase the Authority Bonds in accordance with the bond
16 purchase agreement in form on file with the Secretary (the
17 "Purchase Agreement"), and, in connection with the offering of
18 the Authority Bonds, Best Best & Krieger LLP, as disclosure
19 counsel to the Authority, has caused to be prepared a draft of
20 the Official Statement for the Authority Bonds (the "Official
21 Statement"), the preliminary form of which is on file with the
22 Secretary, and a form of Continuing Disclosure Agreement (the
23 "Continuing Disclosure Agreement"), the form of which is on file
24 with the Secretary; and

25
26 **WHEREAS,** the Board has duly considered the transactions
27 described above and wishes at this time to approve such
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1 transactions in the public interests of the Authority and the
2 Successor Agency;
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4 **NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by
5 the Board of Directors of the Riverside County Public Financing
6 Authority, as follows:
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8 **Section 1. Recitals True and Correct.** The Authority hereby
9 finds and declares that the above recitals are true and correct.
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11 **Section 2. Issuance of Bonds.** Under and pursuant to the
12 Act and the Indenture of Trust between the Authority and MUFG
13 Union Bank, N.A., as trustee, pursuant to which the Authority
14 Bonds will be issued, and for the purposes above described, the
15 Board hereby authorizes the issuance of its Authority Bonds in
16 an aggregate principal amount of not to exceed \$14,000,000. The
17 Board hereby approves the Indenture in the form on file with the
18 Secretary together with any additions thereto or changes therein
19 requested by the provider of a municipal bond insurance policy
20 for either the Authority Bonds or the Successor Agency Bonds or
21 a surety bond or reserve policy for the Agency Bonds or deemed
22 necessary or advisable by the Chairman, the Executive Director,
23 or the Deputy Executive Director of the Authority (each, a
24 "Designated Officer"), whose execution thereof shall be
25 conclusive evidence of approval of any such additions and
26 changes. The Designated Officers are hereby separately
27 authorized and directed to execute the final form of the
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1 Indenture for and in the name and on behalf of the Authority.
2 Such changes and additions shall include, without limitation,
3 the insertion in the Indenture of the applicable final annual
4 maturities and final aggregate principal amount of the Authority
5 Bonds, as provided in the executed Purchase Agreement. The
6 Board hereby authorizes the delivery and performance of the
7 Indenture.

8 **Section 3. Purchase of Agency Bonds.** The Authority hereby
9 authorizes and approves the purchase from the Successor Agency
10 of Successor Agency Bonds in an aggregate principal amount of
11 not to exceed \$14,000,000 pursuant to the Local Obligation
12 Purchase Contract. The Authority hereby approves the purchase
13 of the Successor Agency Bonds on the terms and conditions set
14 forth in the Indenture and the Successor Agency Bonds Indenture
15 (as such term is defined in the Indenture), and pursuant to and
16 in accordance with the Local Obligation Purchase Contract (the
17 "Purchase Contract"), between the Authority and the Successor
18 Agency, in the form on file with the Secretary together with any
19 changes therein or additions thereto approved by the Designated
20 Officers, whose execution thereof shall be conclusive evidence
21 of approval of any such additions and changes. The Purchase
22 Contract shall be executed in the name and on behalf of the
23 Authority by a Designated Officer, each of whom, acting alone,
24 is hereby authorized and directed to execute and deliver the
25 Purchase Contract on behalf of the Authority.
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2 **Section 4. Sale of Authority Bonds.** The Board hereby
3 approves the selection of Citigroup Global Markets and RBC
4 Capital Markets as underwriters for the Authority Bonds
5 (collectively, the "Underwriters"), and approves the sale of the
6 Authority Bonds by negotiation with the Underwriters pursuant to
7 the Purchase Agreement by and among the Authority, the Successor
8 Agency and the Underwriters, in the form on file with the
9 Secretary together with any changes therein or additions thereto
10 approved by the Designated Officers, whose execution thereof
11 shall be conclusive evidence of approval of any such additions
12 and changes. The Purchase Agreement shall be executed in the
13 name and on behalf of the Authority by a Designated Officer,
14 each of whom, acting alone, is hereby authorized and directed to
15 execute and deliver the Purchase Agreement on behalf of the
16 Authority; *provided, however,* that the purchase price and the
17 interest rates with respect to the Authority Bonds shall be such
18 that the Successor Agency Bonds comply with the savings
19 requirement set forth in Section 34177.5(a)(1) of the California
20 Health and Safety Code, and provided, further, that the
21 Underwriters' discount (exclusive of original issue discount)
22 shall not exceed one percent (1.00%) of the original principal
23 amount of the Authority Bonds.

24 **Section 5. Official Statement.** The Board hereby approves
25 the Preliminary Official Statement describing the Authority
26 Bonds, in substantially the form on file with the Secretary,
27 together with any changes therein or additions thereto necessary
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1 or convenient to cause the Preliminary Official Statement to
2 describe accurately matters pertaining to the Authority Bonds
3 and the Designated Officers are each separately authorized and
4 directed on behalf of the Authority to review the final form of
5 the preliminary Official Statement and to deem the Preliminary
6 Official Statements "near final" pursuant to Rule 15c2-12 under
7 the Securities Exchange Act of 1934, prior to distribution by
8 the Underwriters. Distribution of the "near final" preliminary
9 Official Statement by the Underwriters is hereby approved. The
10 Board hereby authorizes the distribution of the final Official
11 Statement by the Underwriters. The Designated Officers are each
12 separately hereby authorized and directed to approve any changes
13 in or additions to the final form of the Official Statement,
14 whose execution thereof shall be conclusive evidence of approval
15 of any such changes and additions. The final Official Statement
16 shall be executed in the name and on behalf of the Authority by
17 a Designated Officer, each of whom is hereby authorized and
18 directed to execute and deliver the final Official Statement on
19 behalf of the Authority.
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21 **Section 6. Municipal Bond Insurance and Surety Bonds.** The
22 Designated Officers, each acting alone, are hereby authorized
23 and directed to obtain a municipal bond insurance policy for the
24 Authority Bonds and reserve account surety bond or reserve
25 policy for the Successor Agency Bonds from a municipal bond
26 insurance company if it is determined, upon consultation with
27 the Underwriters and C.M. de Crinis & Co. Inc., the Financial
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2 Advisor to the Authority and the Successor Agency, that such
3 municipal bond insurance policy and/or surety bond or reserve
4 policy will reduce the true interest costs with respect to the
5 Authority Bonds and the Successor Agency Bonds.

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7 **Section 7. Continuing Disclosure Agreement.** The Board
8 hereby approves the Continuing Disclosure Agreement in
9 substantially the form on file with the Secretary together with
10 any additions thereto or changes therein deemed necessary or
11 advisable by the Designated Officers, each acting alone, whose
12 execution thereof shall be conclusive evidence of approval of
13 any such additions and changes. The Designated Officers are
14 hereby separately authorized and directed to execute the final
15 form of the Continuing Disclosure Agreement for and in the name
16 and on behalf of the Authority.

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18 **Section 8. Official Action.** The Chairman, the Executive
19 Director, the Deputy Executive Director, the Secretary, and any
20 and all other officers of the Authority are hereby authorized
21 and directed, for and in the name and on behalf of the
22 Authority, to do any and all things and take any and all
23 actions, including execution and delivery of any and all
24 assignments, certificates, requisitions (including requisitions
25 for the payment of costs of issuance of the Authority Bonds),
26 agreements, notices, consents, instruments of conveyance,
27 warrants and other documents, which they, or any of them, may
28 deem necessary or advisable in order to consummate the lawful

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issuance, sale and delivery of the Authority Bonds and the purchase of the Successor 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.

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Section 9. 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 25th day of November, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairman

(S E A L)

Attest:

By: _____
Secretary