

FORM APPROVED COUNTY-COUNSEL
 BY: GREGORY P. PRIAMOS
 DATE 11/21/14

Departmental Concurrence

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

511



FROM: Executive Office

SUBMITTAL DATE:
 November 25, 2014

SUBJECT: Resolution No. PFA 2014-04 Authorizing the Issuance and Sale of the Public Finance Authority's 2014 Tax Allocation Revenue Bonds Series C (Corona Redevelopment Project) (Vote on Separately) [\$250,000 - Bond Proceeds]

RECOMMENDED MOTION: That the Board of Directors:

1. Approve and adopt Resolution No. PFA 2014-04 authorizing the issuance and sale of the Public Finance Authority's ("PFA") 2014 Tax Allocation Revenue Bonds Series C, (Corona Redevelopment Project) in a principal amount not to exceed \$25,000,000 to purchase refunding bonds of the Successor Agency to Corona Redevelopment Agency; and authorizing and approving related documents and actions.
2. Approve the professionals involved in the financing.

BACKGROUND:

Summary

On September 24, 2013 (Item 4-1) the Board of Supervisors approved, in principle, a County Redevelopment Bond Refunding Program to assist Successor Agencies ("SA") for cities in Riverside (Continued 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	\$ 250,000	\$ 0	\$ 250,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: Bond proceeds
 Budget Adjustment: No
 For Fiscal Year: 14-15

C.E.O. RECOMMENDATION:

APPROVE

BY: *George A. Johnson*
 George A. Johnson

County Executive Office Signature

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

Prev. Agn. Ref.:

District: ALL

Agenda Number:

5-1

BACKGROUND:

Summary (continued)

County in refunding 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 school districts, community college districts and other taxing entities under the Redevelopment Dissolution Law (ABx1 26 as amended by AB 1484). The program is managed exclusively by the County.

The first such refinancing was completed by the PFA for the City of Indian Wells in May 2014. We are currently in the process of refinancing the Hemet SA bonds in addition to Corona and considering other opportunities with benefit to the County as appropriate.

Resolution No. PFA 2014-04 authorizes the issuance and sale of the PFA's 2014 Tax Allocation Revenue Bonds, Series C (Corona Redevelopment Project) ("the Authority Bonds") in a principal amount of not to exceed \$25,000,000 to purchase a bond issue of the Corona SA to refund all or a portion of certain bonds issued by the former Redevelopment Agency of the City of Corona. As of November 18, 2014, the net present value savings from this refunding is estimated to be approximately \$2.6 million or 11.9% of the amount of bond refunded which exceeds the minimum savings required by County policy of 3%.

The Corona SA and its Oversight Board approved the refunding on October 1 and 8, 2014, respectively. The State Department of Finance ("DOF") is expected to give final approval of the refunding on or about December 19, 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 Corona SA bonds which the PFA will purchase. Those Corona 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 Corona Redevelopment Project. Payments under the purchased Corona 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 Corona 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 Corona 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 2014-04 also approves various documents associated with the issuance and sale of the Authority Bonds, including a Preliminary Official Statement.

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; Citigroup as underwriter 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.

Staff recommends that the Board adopt Resolution No. PFA 2014-04 and approve the professionals working on the financing.

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE COUNTY PUBLIC FINANCE AUTHORITY
FORM 11: Resolution No. PFA 2014-04 Authorizing the Issuance and Sale of the PFA's 2014 Tax
Allocation Bonds, (Corona Redevelopment Project) DATE: November 25, 2014 [\$250,000]**

PAGE: 3 of 3

Impact on Citizens and Businesses

Approval of this refunding will be beneficial to the citizens served by the taxing entities within the City of Corona. NPV savings are estimated at \$2,679,000 and total cash flow savings are \$3,315,000.

Attachments:

1. Resolution PFA No. 2014-04
2. Indenture
3. Local Obligation Purchase Contract
4. Purchase Agreement
5. Preliminary Official Statement
6. Continuing Disclosure Agreement

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RESOLUTION NO. PFA 2014-04

RESOLUTION OF THE RIVERSIDE COUNTY PUBLIC FINANCING
AUTHORITY AUTHORIZING THE ISSUANCE OF ITS 2014 TAX
ALLOCATION REVENUE BONDS (CORONA REFUNDING PROJECT) ,
IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED
\$25,000,000, WITH RESPECT TO THE PURCHASE OF REFUNDING
BONDS OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF CORONA, 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);

FORM APPROVED COUNTY COUNSEL
BY: DALE A. GARDNER DATE: 11/24/14

1 **WHEREAS**, for the purpose of providing funds to purchase an
2 issue of bonds (the "Successor Agency Bonds") of the Successor
3 Agency to the Redevelopment Agency of the City of Corona (the
4 "Successor Agency") issued by the Successor Agency to refund
5 certain bonds issued by the former Redevelopment Agency of the
6 City of Corona, the Authority intends to issue its 2014 Tax
7 Allocation Revenue Bonds (Corona Refunding Project) (the
8 "Authority Bonds");
9

10 **WHEREAS**, the Authority will use the proceeds of the
11 Authority Bonds to purchase the Successor Agency Bonds pursuant
12 to the terms of the Local Obligation Purchase Contract (the
13 "Local Obligation Purchase Contract") to be entered into by the
14 Authority and the Successor Agency;
15

16 **WHEREAS**, the Underwriter (as defined herein) has agreed to
17 purchase the Authority Bonds in accordance with the bond
18 purchase agreement in the form on file with the Secretary (the
19 "Purchase Agreement"), and, in connection with the offering of
20 the Authority Bonds, Best Best & Krieger LLP, as disclosure
21 counsel to the Authority, has caused to be prepared a draft of
22 the Official Statement for the Authority Bonds (the "Official
23 Statement"), the preliminary form of which is on file with the
24 Secretary, and a form of Continuing Disclosure Agreement (the
25 "Continuing Disclosure Agreement"), the form of which is on file
26 with the Secretary; and
27
28

1 **WHEREAS**, the Board has duly considered the transactions
2 described above and wishes at this time to approve such
3 transactions in the public interests of the Authority and the
4 Successor Agency;
5

6 **NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by
7 the Board of Directors of the Riverside County Public Financing
8 Authority, as follows:
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10 **Section 1. Recitals True and Correct.** The Authority hereby
11 finds and declares that the above recitals are true and correct.
12

13 **Section 2. Issuance of Bonds.** Under and pursuant to the
14 Act and the Indenture of Trust between the Authority and The
15 Bank of New York Mellon Trust Company, N.A. (the "Indenture")
16 pursuant to which the Authority Bonds will be issued, and for
17 the purposes above described, the Board hereby authorizes the
18 issuance of the Authority Bonds in the aggregate principal
19 amount of not to exceed \$25,000,000. The Board hereby approves
20 the Indenture in the form on file with the Secretary together
21 with any additions thereto or changes therein requested by the
22 provider of a municipal bond insurance policy for either the
23 Authority Bonds or the Successor Agency Bonds or a surety bond
24 or reserve policy for the Agency Bonds or deemed necessary or
25 advisable by the Chairman, the Executive Director, or the Deputy
26 Executive Director of the Authority (each, a "Designated
27 Officer"), whose execution thereof shall be conclusive evidence
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1 of approval of any such additions and changes. The Designated
2 Officers are hereby separately authorized and directed to
3 execute the final form of the Indenture for and in the name and
4 on behalf of the Authority. Such changes and additions shall
5 include, without limitation, the insertion in the Indenture of
6 the applicable final annual maturities and final aggregate
7 principal amount of the Authority Bonds and the final annual
8 interest rates payable with respect thereto, as provided in the
9 executed Purchase Agreement. The Board hereby authorizes the
10 delivery and performance of the Indenture.
11

12 **Section 3. Purchase of Agency Bonds.** The Authority hereby
13 authorizes and approves the purchase from the Successor Agency
14 of Successor Agency Bonds in an aggregate principal amount of
15 not to exceed \$25,000,000 pursuant to the Local Obligation
16 Purchase Contract.
17

18 The Authority hereby approves the purchase of the Successor
19 Agency Bonds on the terms and conditions set forth in the
20 Indenture and the Successor Agency Bonds Indenture (as such term
21 is defined in the Indenture), and pursuant to and in accordance
22 with the Local Obligation Purchase Contract, in the form on file
23 with the Secretary together with any changes therein or
24 additions thereto approved by the Designated Officers, whose
25 execution thereof shall be conclusive evidence of approval of
26 any such additions and changes. The Local Obligation Purchase
27 Contract shall be executed in the name and on behalf of the
28 Authority by a Designated Officer, each of whom, acting alone,

1 is hereby authorized and directed to execute and deliver the
2 Local Obligation Purchase Contract on behalf of the Authority.
3

4
5 **Section 4. Sale of Authority Bonds.** The Board hereby
6 approves the selection of Citigroup Global Markets Inc. (the
7 "Underwriter"), and approves the sale of the Authority Bonds by
8 negotiation with the Underwriter pursuant to the Purchase
9 Agreement by and between the Authority and the Underwriter, in
10 the form on file with the Secretary together with any changes
11 therein or additions thereto approved by the Designated
12 Officers, whose execution thereof shall be conclusive evidence
13 of approval of any such additions and changes. The Local
14 Obligation Purchase Agreement shall be executed in the name and
15 on behalf of the Authority by a Designated Officer, each of
16 whom, acting alone, is hereby authorized and directed to execute
17 and deliver the Local Obligation Purchase Agreement on behalf of
18 the Authority; *provided, however,* that the purchase price and
19 the interest rates with respect to the Authority Bonds shall be
20 such that the Successor Agency Bonds comply with the savings
21 requirement set forth in Section 34177.5(a)(1) of the California
22 Health and Safety Code, and *provided, further,* that the
23 Underwriter's discount (exclusive of original issue discount),
24 shall not exceed nine tenths of one percent (0.9%) of the
25 original principal amount of the Authority Bonds.
26

27 **Section 5. Official Statement.** The Board hereby approves
28 the Preliminary Official Statement describing the Authority

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

1 insurance company if it is determined, upon consultation with
2 the Underwriter and C.M. de Crinis & Co. Inc., the Financial
3 Advisor, to the Authority and the Successor Agency, that such
4 municipal bond insurance policy and/or surety bond or reserve
5 policy will reduce the true interest costs with respect to the
6 Authority Bonds and the Successor Agency Bonds.
7

8 **Section 7. Continuing Disclosure Agreement.** The Board
9 hereby approves the Continuing Disclosure Agreement in
10 substantially the form on file with the Secretary together with
11 any additions thereto or changes therein deemed necessary or
12 advisable by the Designated Officers, each acting alone, whose
13 execution thereof shall be conclusive evidence of approval of
14 any such additions and changes. The Designated Officers are
15 hereby separately authorized and directed to execute the final
16 form of the Continuing Disclosure Agreement for and in the name
17 and on behalf of the Authority.
18

19 **Section 8. Official Action.** The Chairman, the Executive
20 Director, the Deputy Executive Director, the Secretary, and any
21 and all other officers of the Authority are hereby authorized
22 and directed, for and in the name and on behalf of the
23 Authority, to do any and all things and take any and all
24 actions, including execution and delivery of any and all
25 assignments, certificates, requisitions (including requisitions
26 for the payment of costs of issuance of the Authority Bonds),
27 agreements, notices, consents, instruments of conveyance,
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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 9th day of December, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair

(S E A L)

Attest:

By: _____
Secretary