

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



ITEM
5.1
(ID # 5876)

MEETING DATE:

Tuesday, December 5, 2017

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: The Adoption of Resolution No. IFA2017-04 Approving the Issuance of the Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, 2017 Series B and C (Capital Projects), All Districts. [\$275,000 - Bond Proceeds 100%] (Vote on Separately) (Delay until after public hearing items 5864 & 5865)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt resolution No. IFA2017-04 approving the issuance of the Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds 2017 Series B & C (Capital Projects) in an amount not to exceed \$27,000,000, for the financing of certain public capital projects, approving the execution and delivery of a site lease and a lease agreement, and other matters related thereto.


ACTION: Policy


Stephanie Pesi 11/17/2017

MINUTES OF THE BOARD OF DIRECTORS

On motion of Director Washington, seconded by Director Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: December 5, 2017
xc: E.O.

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 275,000	\$ 0	\$ 275,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Bond Proceeds 100%			Budget Adjustment:	No
			For Fiscal Year:	17/18

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

In 2008, the Southwest Communities Financing Authority ("SCFA") issued lease revenue bonds to finance construction of an animal shelter in the County of Riverside. Current market conditions allow for an advance refunding of the SCFA 2008 Lease Revenue Bonds, Series A. The County also intends to raise additional proceeds to finance the construction of an expansion of the existing public health facility on County Circle to include additional labs.

The refunding and new money issuance will be issued through the Riverside County Infrastructure Financing Authority ("IFA"). The IFA Lease Revenue Bonds, 2017 Series B and C will be issued in the aggregate principal amount of approximately \$27 million, comprised of the refunding of the 2008 SCFA Bonds and the \$11 million needed for the public health facility. The refunding can provide the County with approximately \$3.9 million in net present value savings or 30.2% of the refunded par amount. This exceeds the Board Policy B-24 requirement of at least a 3% savings threshold. The estimated aggregate gross savings are approximately \$6.7 million through the life of the bonds based on current market conditions. In addition, this refunding will not extend the maturity date per the policy. The all-in true interest cost of the bonds is estimated to be 3.18%, with net proceeds received by the IFA estimated at \$23.7 million after approximate finance charges of \$341,000. To final maturity, the total debt service cost to the borrower is estimated at \$35 million. The average annual debt service is anticipated to be approximately \$1.2 million in aggregate; however, the average annual debt service is projected at approximately \$1.4 million through May 1, 2038 when the refunding component matures. If approved, staff recommends issuing the approximately \$27 million in fixed interest rate bonds.

This item has been approved by the Debt Advisory Committee.

Impact on Citizens and Businesses

The savings achieved by the refunding will help to reduce the debt obligation of the County and therefore allow for resources to be redirected to services for the citizens.

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SUPPLEMENTAL:

Additional Fiscal Information

The savings from the series B bonds will be realized by the county and various cities who currently pay the debt service. The series C bonds will be paid by the public health department.

RESOLUTION NO. IFA2017-04

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RIVERSIDE COUNTY INFRASTRUCTURE FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF ITS LEASE REVENUE BONDS IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$27,000,000 IN CONNECTION WITH THE FINANCING AND REFINANCING OF PUBLIC CAPITAL PROJECTS, AUTHORIZING AND DIRECTING EXECUTION OF AN INDENTURE OF TRUST, A LEASE AGREEMENT, TWO SEPARATE GROUND LEASES, AN AGENCY AGREEMENT, AUTHORIZING A BOND PURCHASE AGREEMENT AND AN OFFICIAL STATEMENT AND AUTHORIZING OFFICIAL ACTIONS AND EXECUTION OF RELATED DOCUMENTS

WHEREAS, the Riverside County Infrastructure Financing Authority (the “Authority”) has been formed pursuant to a Joint Exercise of Powers Agreement, dated September 15, 2015, by and between the County of Riverside (the “County”), and the Riverside County Flood Control and Water Conservation District (“Flood Control”) and is authorized under said Agreement and under the laws of the State of California to finance public capital improvements which will serve County programs; and

WHEREAS, the County, through the Southwest Communities Financing Authority, has previously financed the acquisition, construction and installation of an animal shelter (the “Animal Shelter”), which benefits the County and other Cities in the Southwest region of the County, through the issuance by the Southwest Communities Financing Authority of its \$15,105,000 original principal amount 2008 Lease Revenue Bonds, Series A (County of Riverside Capital Projects) (the “2008 Bonds”); and

WHEREAS, the County wishes to refinance the obligations with respect to the 2008 Bonds and refund all or a portion of the 2008 Bonds; and

FORM APPROVED COUNTY COUNSEL
BY Dale A Gardner 11/20/17
DATE DALE A. GARDNER

WHEREAS, the County wishes to provide funds for the expansion of the County Public Health Laboratory (the “Public Health Lab,” and together with the Animal Shelter, the “Projects”);

WHEREAS, Animal Friends of the Valleys (“AFV”), a California non-profit public benefit corporation shall lease to the Authority certain property relating to the Animal Shelter pursuant to a ground lease; and

WHEREAS, the County shall lease certain property and facilities relating to a sheriff’s sub-station located at 137 N. Perris Boulevard, Perris, California (the “County Facility”), to the Authority, as a leased asset for financing of the Public Health Lab pursuant to a separate ground lease; and

WHEREAS, Authority shall lease to the County all of the property described in the ground leases and certain facilities thereon pursuant to a Lease Agreement (the “Lease Agreement”); and

WHEREAS, to provide such financing and refinancing for the Projects the Authority proposes to issue its lease revenue bonds, in one or more series, in an aggregate principal amount of not to exceed \$27,000,000 under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), which are proposed to be payable from the revenues to be derived by the Authority from lease payments to be made by the County for the lease of the property and facilities thereon pursuant to the Lease Agreement; and

WHEREAS, a portion of the proceeds of the Bonds will be deposited in the Project Fund to be established pursuant to the Indenture of Trust which is hereinafter approved, and will

be applied by the Authority and the County to the acquisition, construction and installation of the Health Lab pursuant to an Agency Agreement between the Authority and the County; and

WHEREAS, a portion of the proceeds of the Bonds will be deposited with the Trustee for the 2008 Bonds pursuant to an Escrow Deposit and Trust Agreement, for the purpose of redeeming the 2008 Bonds on the first redemption date for which the 2008 Bonds can be redeemed; and

WHEREAS, the Authority has determined that the Bonds should be offered for sale on a negotiated basis and has presented forms of Bond Purchase Agreements among the Authority, the County and Wells Fargo Securities (the "Purchase Agreements") and a proposed form of Official Statement describing the Bonds, to be used in connection with the marketing thereof; and

WHEREAS, the Board of Supervisors of the County will conduct a hearing pursuant to Section 147(f) of the Internal Revenue Code and Section 6586.5 of the Act, which hearing and approval by the County must be completed prior to the issuance of the Bonds; and

WHEREAS, the Board of the Authority (the "Board") has duly considered such transactions and has determined that it approves said transactions in the public interests of the County and the Authority;

THEREFORE, BE IT RESOLVED by the Board of Directors of the Riverside County Infrastructure Financing Authority adopt as follows:

Section 1. Findings and Determinations. Pursuant to the Act, the Board of Directors hereby finds and determines that the issuance of the Bonds will result in savings in effective interest rates, bond underwriting costs and bond issuance costs and thereby result in

significant public benefits within the contemplation of Section 6586 of the Act, and the approvals granted by this resolution shall be conditioned upon the successful completion of the hearing required by each of Section 147(f) of the Internal Revenue Code and Section 6586.4 of the Act and the approval by the County. The Board of Directors further finds that the issuance of the Bonds complies with the County's Debt Management Policy.

Section 2. Issuance of Bonds. The Board of Directors hereby authorizes the issuance of the Bonds in one or more series for the purpose of funding and refinancing the Projects under and pursuant to the Act, in the maximum aggregate principal amount not to exceed \$27,000,000. The Bonds may be issued in one or more series and may be designated as Lease Revenue Bonds, Series B and Lease Revenue Bonds, Series C, or such other designation as the Executive Director may determine, and each series may be in a principal amount designated by the Executive Director, provided, however, that the aggregate amount of all series combined shall not exceed \$27,000,000.

Section 3. Approval of Financing Documents. The Board of Directors hereby approves each of the following documents in substantially the respective forms on file with the Executive Director, together with such additions thereto and changes therein as Bond Counsel shall deem necessary, desirable or appropriate, the execution of which by the Chairperson, the Vice Chairperson or the Executive Director shall be conclusive evidence of the approval of any such additions and changes:

(1) the Indenture of Trust relating to the issuance of the Bonds and to the Projects, by and between U.S. Bank National Association (the "Trustee") and the Authority; and

(2) the Ground Lease, between Animal Friends of the Valley, as lessor, and the Authority, as lessee;

(3) the Ground Lease, between the County, as lessor, and the Authority, as lessee;

(4) the Lease Agreement relating to the lease of the Animal Shelter and the County Facility by the County from the Authority to finance the Projects; and

(5) the Agency Agreement by and between the County and the Authority.

The Chairperson, the Vice Chairperson or the Executive Director are hereby authorized and directed to execute the final form of each of the foregoing documents and agreements for and in the name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of each of the foregoing documents and agreements.

Section 4. Sale of Bonds. The Board of Directors hereby approves the sale of the Bonds by the Authority to Wells Fargo Securities and approves the Purchase Agreements. The Executive Director is hereby authorized and directed to execute and deliver the Purchase Agreements, provided, that net interest cost to maturity for the Bonds shall not be more than 4.50% and the Underwriter's discount shall not be more than 0.35% not including original issue discount.

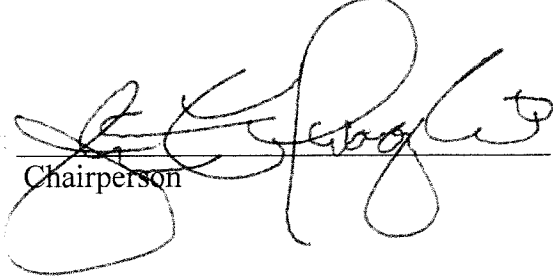
Section 5. Official Statement. Continuing Disclosure. The Board of Directors hereby approves the preparation of, and hereby authorizes the Executive Director to deem final within the meaning of Rule 15c2-12 of the Securities and Exchange Commission except for permitted omissions, a preliminary form of Official Statement of the Bonds. The Executive Director is hereby authorized to execute the final Official Statement in the name and on behalf of

the Authority, including any modifications resulting from additions thereto and changes therein as Bond Counsel shall deem necessary, desirable or appropriate, with the execution of the final Official Statement by the Chairperson to be conclusive evidence of the approval of any such additions and changes. Executive Director is further authorized to sign on behalf of the Authority a continuing disclosure certificate with respect to the financing, in such form as may be approved by Bond Counsel.

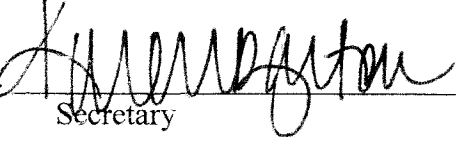
Section 6. Official Actions. The Chairperson, the Vice Chairperson, the Executive Director, the Treasurer and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including obtaining a rating on the Bonds and/or a municipal bond insurance policy and a debt service reserve fund surety bond, and including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in connection with the issuance and sale of the Bonds.

Section 7. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED and ADOPTED by the Board of Directors on December 5, 2017.

By: 
Chairperson

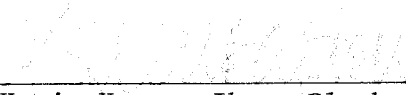
ATTEST:

By: 
Secretary

ROLL CALL:

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None

The foregoing is certified to be a true copy of a resolution duly adopted by said Board of Directors on the date therein set forth.

By: 
Deputy
Kecia Harper-Ihem, Clerk