



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JANUARY 7, 2025

FROM: FINANCE DEPARTMENT WARDS: 1 AND 7

SUBJECT: RESOLUTION AUTHORIZING THE ISSUANCE OF SPECIAL TAX BONDS, SERIES 2025A FOR COMMUNITY FACILITIES DISTRICT NO. 2021-2 (RIVERPOINTE/PARK PLACE) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$4,100,000 AND APPROVING CERTAIN DOCUMENTS AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

ISSUES:

Adopt a Resolution authorizing the issuance of the Community Facilities District 2021-2 (Riverpointe/Park Place), Special Tax Bonds, Series 2025A (Tax Exempt) in an aggregate principal amount not to exceed \$4,100,000 approving the financing team and authorizing the execution and delivery of associated documents.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution authorizing the issuance of the Community Facilities District No. 2021-2 (Riverpointe/Park Place) Special Tax Bonds, Series 2025A (Tax Exempt) in an aggregate principal amount not to exceed \$4,100,000;
2. Approve the financing team, as identified herein, for this transaction and authorize the City Treasurer or any duly authorized designee, to pay the costs of such firms in connection with this financing from CFD 2021-2 Series 2025A bond proceeds;
3. Authorize the City Manager and Chief Financial Officer, or designees to execute all documents related to the issuance of the Special Tax Bonds for Community Facilities District No. 2021-2 (Riverpointe/Park Place) and the ability to make minor changes to these documents as required to carry out the financing; and
4. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record supplemental appropriations in the CFD 2021-2 Riverpointe/Park Place Fund related to the issuance of the Community Facilities District No. 2021-2 (Riverpointe/Park Place) Special Tax Bonds, Series 2025A (Tax Exempt).

BACKGROUND:

On August 3, 2021, the City Council adopted Resolution No. 23747 (the "Resolution of Intention"), outlining plans to establish the Community Facilities District No. 2021-2 (Riverpointe/Park Place) and authorized a special tax on taxable properties within its boundaries. On the same date, it also adopted Resolution No. 23748, declaring its intent to incur bonded indebtedness up to \$5,500,000 to fund the design, construction, and acquisition of public facilities serving CFD 2021-2.

Following a public hearing held on September 7, 2021, the City Council adopted Resolution Nos. 23759 and 23760 (collectively referred to as the "Resolution of Formation"). This action: (i) officially established the District; (ii) approved the levy of a special tax (the "Special Tax") within the District; (iii) confirmed the need to incur bonded indebtedness up to \$5,500,000; and (iv) called for an election within the District to vote on incurring bonded indebtedness, levying the Special Tax, and setting an appropriations limit.

The Resolution of Formation stipulated that Special Taxes would be imposed on all taxable parcels within CFD 2021-2. These taxes are intended to cover the principal and interest on any bonds issued and sold by the District to finance City Facilities. Additionally, the taxes will fund the design, construction, and acquisition of the facilities, as well as the annual administrative costs incurred by the City and the District in calculating, apportioning, levying, and collecting the Special Taxes and servicing the bond debt.

DISCUSSION:

Financing Team

The Financing Team for this transaction comprises of City Staff from the Finance Department, and City Attorney's Office. External Financing partners include: Fieldman Rolapp & Associates, Inc. serving as Municipal Advisor, Stradling, Yocca, Carlson & Rauth acting as Bond and Disclosure Counsel, and Hilltop Securities as Underwriter. These roles were assigned based on a competitive request for proposal process. The total issuance costs will be covered using proceeds from bond financing.

An appraisal dated November 12, 2024, conducted by Stephen G. White, MAI (Attachment 3 Appendix D), evaluated certain land and existing improvements within the District to estimate their market value. The report assessed the "as-is" market value of properties within the District subject to the Special Tax, based on planned development comprising 103 detached single-family homes. The appraisal concluded that as of the "Date of Value," October 28, 2024, the minimum market value of all taxable parcels in the District was \$52,440,000. Should investors require an updated valuation due to the time elapsed between the appraisal and bond sale, a Supplemental Appraisal Report can be prepared to reflect a new date of value.

Good Faith Estimates

On October 9, 2017, Senate Bill 450 (SB 450) added Section 5852.1 to the California Government Code. SB 450 requires, prior to issuance of bonds, a public agency disclose in a public meeting good faith financing estimates provided by an Underwriter, Municipal Advisor or private lender. These estimates include: a) the True Interest Cost of the bonds; b) the total finance charge of the bonds equal to the sum of all fees and charges paid to third parties; c) the amount of estimated bond proceeds minus the total finance charge of the bonds, and any reserves funded from proceeds of the bonds; and d) the total payment amount. The total payment amount should be

calculated to the final maturity of the bonds. The attached Resolution of Issuance (Attachment 6) Appendix A contains the details of the Good Faith Estimate, prepared by Municipal Advisor, Fieldman Rolapp and Associates, Inc., in consultation with Underwriter Hilltop Securities. The table below provides the estimated total finance charges associated with the bond issuance, based on estimated fees.

CITY OF RIVERSIDE
CFD No. 2021-2 (Riverpointe Park Place)
2025A Special Tax Bonds
\$3,800,000*
Projected Cost of Issuance

The following table is an estimate of the costs associated with the Bonds

<u>Services</u>	<u>Interested Party</u>	<u>Payable at Closing</u>
Issuer Staff/Administrative	City of Riverside	15,000.00
Bond Counsel/Disclosure Counsel	Stradling Yocca Carlson & Rauth	75,000.00
Municipal Advisor	Fieldman, Rolapp & Associates, Inc.	39,500.00
Special Tax Consultant	Webb Municipal Finance, LLC	30,000.00
Fiscal Agent	U.S. Bank	3,500.00
Fiscal Agent's Counsel	Dorsey & Whitney	2,500.00
Appraisal	Steve White	17,000.00
Printer	Imagemaster	5,000.00
Contingency	NA	12,500.00
Total Cost of Issuance		\$200,000.00

*Preliminary, subject to change.

Updated as of: 10/22/2024

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 – High Performing Government** and **Goal 5.3 – Enhance communication and collaboration with community members, to improve transparency, build public trust and encourage shared decision-making.**

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The formation of a Community Facilities District provides a transparent and equitable way to finance, administer, and report on specific infrastructure related to new development.
2. **Equity** – CFD No. 2021-2 (Riverpointe/Park Place) shares the cost of infrastructure among each property owner and spreads the cost long-term across the generations of property owners that benefit from it.
3. **Fiscal Responsibility** – Payment of the Community Facilities District financing is paid over the term of 30 years through Special Tax, ensuring the cost of service is borne by those that benefit directly from it.

4. **Innovation** – Utilizing Community Facilities Districts is an innovative way to plan and direct revenue to directly support each new development.

5. **Sustainability & Resiliency** – The formation of a Community Facilities District is a long-term solution to finance and report on specific infrastructure related to development within the City.

FISCAL IMPACT:

There is no direct fiscal impact to the City of Riverside. The cost of financing, staff administration, and the debt service on the bonds will be paid through Special Tax revenue levied on CFD 2021-2 (Riverpointe/Park Place). Bond proceeds received from issuance and the related expenditures are outlined in the table below.

Fund	Program	Account	Amount
CFD 2021-2 Riverpoint Park Place	<i>Revenue</i>		
	Special Taxes	0000765-361651	\$6,000
	Bond & Financing Proceeds	0000765-382040	\$3,625,000
	Bond Premiums	0000765-382060	\$185,750
	Total Revenue		\$3,816,750
	<i>Expenditures</i>		
	Annual Bond Expense	2390360-447010	\$6,000
	Misc. Bond Expense	2390360-447000	\$3,573,980
	Bond Cost of Issuance	2390360-481018	\$200,000
	Underwriter’s Discount	2390360-481018	\$36,770
	Total Expenditures		\$3,816,750

Prepared by: Meline Carranza, Debt and Treasury Manager
 Approved by: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
 Certified as to availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
 Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/City Treasurer
 Approved as to form: Jack Liu, Interim City Attorney

Attachments:

1. Bond Indenture
2. Bond Purchase Agreement
3. Preliminary Official Statement
 - Appraisal Report: Appendix D of the attachment
 - Continuing Disclosure Certificate: Appendix F of the attachment
4. Resolution of Issuance
5. Presentation