



City of Arts & Innovation

City Council and Public Financing Authority Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: FEBRUARY 24, 2026

FROM: FINANCE DEPARTMENT WARD: ALL

SUBJECT: ADOPTION OF RESOLUTIONS AUTHORIZING THE EXTENSION OF THE TERM OF A LETTER OF CREDIT SUPPORTING THE VARIABLE RATE REFUNDING CERTIFICATES OF PARTICIPATION (RIVERSIDE RENAISSANCE PROJECTS), SERIES 2008 USING CSG ADVISORS, INCORPORATED AS FINANCIAL ADVISOR, STRADLING Yocca CARLSON & RAUTH AS BOND COUNSEL, AND NIXON PEABODY LLP, REPRESENTING BANK OF AMERICA, NA FOR THE LETTER OF CREDIT – AUTHORIZE AN INTERFUND TRANSFER AND SUPPLEMENTAL APPROPRIATION IN THE AMOUNT OF \$23,000– INTERFUND TRANSFER – SUPPLEMENTAL APPROPRIATION

ISSUES:

Adopt resolutions of the City and the Riverside Public Financing Authority authorizing the extension of the term of the Bank of America Letter of Credit (LOC) supporting the Variable Rate Refunding Certificates of Participation (COP) (Riverside Renaissance Projects), Series 2008 for an additional three years; approve the financing team and associated costs; and authorize an Interfund Transfer and Supplemental Appropriation in the amount of \$23,000.

RECOMMENDATIONS:

That the City Council:

1. Adopt a resolution authorizing the extension of the Letter of Credit for the 2008 Certificates of Participation, approve the form of a Seventh Amendment to the Reimbursement Agreement and the related Fee Letter, and authorize the supplement to the Official Statement reflecting the extended Letter of Credit Term;
2. Approve the financing team engagement and authorize associated expenditures for CSG Advisors Inc. (City's Municipal Advisor), Stradling Yocca Carlson & Rauth (City's Bond Counsel), US Bank (the Bond Trustee) and Nixon Peabody, Bank of America's counsel for legal costs associated with the transaction;
3. Authorize the City Manager, or designee to execute all necessary documents and make non-substantive revisions as needed; and
4. With at least five affirmative votes, authorize the Chief Financial Officer, or designee, to record a supplemental appropriation in the amount of \$23,000 in the General Fund, Debt & Treasury, Professional Services account paid from the Special Deposits Fund, Debt

Service Admin Fee Account.

5. Authorize the City Attorney to execute an Engagement Letter to retain Stradling Yocca Carlson & Rauth as bond counsel in this matter and identify their \$10,000 estimated budget in compliance with the City's Policy for Retention of Outside Counsel that was adopted in 2015.

That the Riverside Public Financing Authority:

1. Adopt a resolution authorizing the extension of the Letter of Credit for the 2008 Certificates of Participation, approve the form of a Seventh Amendment to the Reimbursement Agreement and the related Fee Letter, and authorize the supplement to the Official Statement reflecting the extended Letter of Credit Term; and
2. Authorize the City Manager, or designee to execute all necessary documents and make non-substantive revisions as needed.

BACKGROUND:

In 2008, the City issued \$128.3 million in Variable Rate Demand Note (VRDN) Certificates of Participation (COPs) to finance the Riverside Renaissance Projects. A bank Letter of Credit (LOC) was required to support these VRDNs, enhancing investor confidence by providing a third-party credit backstop. Since initial issuance, the LOC has been periodically renewed, with Bank of America consistently offering competitive pricing to the market.

DISCUSSION:

Ongoing review of market conditions by staff and the Municipal Advisor confirmed that maintaining the COPs in variable rate mode remains cost-effective. With the current LOC expiring in March 2026, Bank of America offered renewal options for two or three years. After benchmarking against recent market transactions, a three-year extension at the existing rate of 0.36% of outstanding principal is recommended. Current market conditions indicate low likelihood of materially better pricing, and this approach avoids significant administrative and legal costs associated with soliciting and contracting with new providers.

Financing Team:

To support the extension and documentation process, the following team is engaged:

- CSG Advisors Inc. — City of Riverside's Municipal Advisor
- Stradling Yocca Carlson & Rauth — City of Riverside's Bond Counsel
- US Bank Trust Company, N.A. (the Bond Trustee)
- Nixon Peabody, LLC — Bank Counsel (for Bank of America)
- City Finance
- City Attorney's Office

Required Documents:

To finalize the extension the following documents need to be executed and delivered:

1. Fee Letter Amendment with Bank of America with respect to the 2008 Certificates of Participation

2. Supplement to the Variable Rate Refunding Certificates of Participation (Riverside Renaissance Projects) Series 2008 Official Statement extending the LOC expiration date to May 3, 2029
3. Seventh Amendment to Reimbursement Agreement between the City of Riverside, Riverside Public Financing Authority, and Bank of America N.A.

FISCAL IMPACT:

Extending the existing LOC is projected to moderately increase annual costs 1 basis point per year equating to approximately \$6,200 per year through 2029 – well below the combined administrative and transaction costs of pursuing a LOC with a different bank. Estimated transaction costs are as follows:

Bond Counsel:	\$10,000
Municipal Advisor:	\$4,000
Bond Trustee:	\$1,500
<u>Bank Counsel:</u>	<u>\$7,500</u>
Total:	\$23,000

Upon Council approval, a supplemental appropriation will be recorded in the amount of \$23,000 in the General Fund, Debt & Treasury, Professional Services account 2302000-421000. Fund for the supplemental appropriation is available in the Special Deposit Fund, Debt Service Admin Fee Account 0000720-225087. All other costs have been budgeted as part of the budget cycle.

Prepared by:	Meline Carranza, Debt & Treasury Manager
Approved by:	Sergio Aguilar, Deputy Finance Director
Certified as to availability of funds:	Julie Nemes, Interim Finance Director
Approved by:	Edward Enriquez, Assistant City Manager/Chief Financial Officer/Treasurer)
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Resolution of the City of Riverside Authorizing the extension of the term of a Letter of Credit
2. Resolution of the Board of Directors of the Riverside Public Financing Authority authorizing the extension of the term of a Letter of Credit
3. Seventh Amendment to Reimbursement Agreement
4. Fee Letter
5. Supplement to the Official Statement