



EXTENSION OF LETTER OF CREDIT TO SUPPORT THE VARIABLE RATE REFUNDING WATER REVENUE BONDS, 2011A

Public Utilities Department

Board of Public Utilities

August 25, 2025

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BACKGROUND

1. May 2011
 - a. The City of Riverside issued \$59 million of Variable Rate Refunding Water Revenue Bonds, Series 2011A to fund the Water Utility's Capital Improvement Program
2. June 30, 2025
 - a. \$24.05 million par was outstanding of the 2011A Bonds
 - b. The 2011A Bonds are remarketed as daily variable rate demand bonds, and are supported with a Letter of Credit ("LOC") provided by PNC Bank, National Association



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FINANCING TEAM

1. The financing team is City staff from the Finance Department, City Attorney's Office and RPU.
2. Below is a list of the counterparties involved in the financing.

| Entity Name | Role |
|-----------------------------------|--------------------------------|
| PFM Financial Advisors | Municipal Advisor |
| PNC Bank National Association | Letter of Credit Provider |
| Stradling, Yocca, Carlson & Rauth | City's Bond/Disclosure Council |



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DISCUSSION

1. Current term of LOC is due to expire November 28, 2025
2. Based on Finance Plans and current financials, staff recommends an extension of the agreement for 3-years



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FINANCING PLAN

1. In March of 2025, the Finance Department and RPU management requested its Municipal Advisor negotiate a renewal of it's existing LOC with current provider PNC Bank National Association
2. The LOC is required under the Bond Documents and current interest structuring
3. The proposed Fees are:
 - a. 0.33% annually, a marginal increase of 10 bps from our prior agreement and cheaper than other Letter of Credit providers



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FINANCING PLAN

1. As part of the Financing plan – RPU explored the other options available with regards to the Bond Structuring and LOC renewal
2. With the assistance of it's Municipal Advisor, it was determined that maintaining the LOC was the most cost effective of the structuring options available. The LOC rates provided by the current Bank were also cheaper than others in the marketplace.



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RECOMMENDATIONS

That the Board of Public Utilities recommend that the City Council:

1. Conduct a public hearing in consideration to amend and extend the existing Fee Letter supporting the Variable Rate Refunding Water Revenue Bonds Issue of 2011A, for an additional three years for an estimated cost of \$259,000;
2. Adopt a resolution related to the extension of the reimbursement agreement related to the previously authorized and issued Variable Rate Refunding Water Revenue Bonds, Issue of 2011A authorizing the extension of the existing Fee Letter provided by PNC Bank, National Association;
3. Approve the City's Financing Team, as described herein; and
4. Authorize the City Manager, the Chief Financial Officer/Treasurer, the Finance Director/Assistant Chief Financial Officer, and the Public Utilities General Manager of the City (or any duly authorized designee of any of such officers) the authority to execute all documents related to this transaction including making minor and non-substantive changes to the final documents necessary to complete the transaction and to pay costs associated with this transaction from the Water Debt Related Fiscal Charges Account.



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