



Successor Agency/Public Financing Authority Bond Refunding Opportunity

Finance Department

City Council
May 8, 2018

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Background

1. The Successor Agency to the former Redevelopment Agency of the City of Riverside (Successor Agency) has outstanding debt obligations of approximately \$207 million.
2. Finance Department Staff monitors the Successor Agency's debt portfolio for refunding opportunities.



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Refunding Opportunity

Staff identified the following bond issues totaling \$130,940,000 that will generate savings in annual debt service cost if refunded (current balance):

- 2007A Downtown/Airport and Casa Blanca TABS: **\$8,120,000**
- 2007B Downtown/Airport Casa Blanca (Taxable): **\$10,800,000**
- 2007C University Corridor/Sycamore Canyon, Arlington, Hunter Par/Northside, Magnolia Center and La Sierra/Arlanza TAB: **\$83,885,000**
- 2007D University Corridor/Sycamore Canyon, Arlington, Hunter Par/Northside, Magnolia Center and La Sierra/Arlanza (Taxable): **\$28,135,000**



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Refunding Approval Process

1. ABx1 26 and AB 1484: Refunding of outstanding bonds requires approval by the Successor Agency, Oversight Board and Department of Finance (DOF);
 - Approval process extends the refunding timeline by several months;
2. Initial approval of legal documents required by Successor Agency (excluding the Preliminary Official Statement);
3. Approval then required by the Oversight Board;



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Refunding Approval Process

5. DOF has 65 days to approve;
6. During DOF approval period, staff will work on the Preliminary Official Statement (POS) which is used to sell the Bonds; and
7. The POS will come to the Successor Agency for approval. This document does not require Oversight Board or DOF approval.



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Financing Team

Approved by City Council on February 20, 2018

1. Stifel, Nicolaus and Company – Underwriter
2. Jones Hall – Bond Counsel
3. Stradling, Yocca, Carlson & Rauth – Disclosure Counsel
4. CSG Advisors, Inc. – Financial Advisor
5. DHA Consulting, LLC – Municipal Advisor *

* The dissolution legislation requires the use of a Municipal Advisor to prepare a report that confirms the transaction meets the savings requirements – that principal and interest on the new bonds is less than on the olds bonds.



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Refunding Analysis

1. The refunded bonds will be paid off with proceeds of two single pooled transactions – one taxable and one tax-exempt;
2. Refunded bonds will be issued on a parity basis with the 2014 TAB Bonds. The benefit of this structure is simplicity and that it improves the overall economics of the transaction;
3. The strengthened debt service coverage from pooling helps to assure repayment to bond purchasers;



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Refunding Analysis

4. The estimated net present value savings will be approximately \$12.4 million;
5. Savings will be shared by all taxing entities within the project areas; and
6. City share is approximately 13.8% or \$1.7 million to the General Fund to be recognized in the first few years of the refunding.
 - Additional revenue included in FY 2018-2020 Two-Year Budget assumptions (\$1 million total)



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RECOMMENDATIONS

That the Successor Agency:

1. Conduct a Public Hearing relative to refunding certain bonds of the Successor Agency of the former Redevelopment Agency;
2. Adopt the attached Resolution authorizing issuance of the refunding bonds to refund certain outstanding bonds of the Successor Agency;
3. Authorize the City Manager, or his designee, to execute all documents necessary to close the refinancing and to make certain, non-substantive changes to the final documents necessary to close;



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RECOMMENDATIONS

4. Approve the financing team as indicated in the report;
5. Recommend that the Oversight Board adopt a Resolution authorizing the issuance of refunding bonds by the Successor Agency; and
6. Approve the Municipal Advisor Work Product.



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RECOMMENDATIONS

That the Public Financing Authority:

1. Adopt a Resolution approving an Escrow Deposit and Trust Agreement and directing certain actions in order to refinance the Riverside Public Financing Authority 2007 Series A, B, C and D Tax Allocation Revenue Bonds.



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