



City of Arts & Innovation

Successor Agency to the Redevelopment Agency of the City of Riverside

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JUNE 26, 2018

FROM: FINANCE DEPARTMENT WARDS: ALL

SUBJECT: CONFIRMING THE ISSUANCE OF APPROXIMATELY \$135 MILLION OF TAX ALLOCATION BONDS AND THE APPROVAL OF THE PRELIMINARY OFFICIAL STATEMENT AND CONTINUING DISCLOSURE CERTIFICATE RELATED THERETO - RESOLUTION

ISSUES:

Approval of the Preliminary Official Statement (POS) and a continuing disclosure certificate for the proposed issuance of tax allocation refunding bonds.

RECOMMENDATIONS:

That the Successor Agency:

1. Adopt the attached Resolution confirming the issuance of refunding bonds to refund certain outstanding bonds of the former Redevelopment Agency of the City of Riverside which are now the obligation of the Successor Agency; and
2. Approve the Preliminary Official Statement.

BACKGROUND

In 2011, the California Legislature adopted Assembly Bill X1 26, effective June 29, 2011 adding Part 1.8 and Part 1.85 to the California Health and Safety Code (as amended, the "Dissolution Act"), which led to the dissolution of the Redevelopment Agency of the City of Riverside (the "Former Agency"). Prior to dissolution, in 2007, the Former Agency had issued tax allocation bonds (the "2007 Agency Bonds") to finance and refinance redevelopment projects, and those bonds were purchased with proceeds of bonds issued by the Riverside Public Financing Authority (the "2007 Authority Bonds").

DISCUSSION

As was noted at the May 8, 2018 meeting, Finance staff, in conjunction with various financial partners, continually monitors the debt portfolio of the City and its related entities for opportunities to reduce the related cost of repaying its various obligations. Accordingly, on May 8, 2018, the Successor Agency unanimously approved the issuance of refunding bonds to refinance approximately \$135 million of outstanding 2007 Agency Bonds and the related 2007 Authority Bonds. Subsequent to this approval, the refunding bonds were authorized by the Oversight Board, and the Oversight Board's resolution, along with related documents, were sent to the State Department of Finance ("DOF") for the approval required by the Dissolution Act. The DOF has 60 days to review the Oversight Board's resolution and, as the 60th day approaches (July 23, 2018), it is appropriate to seek the necessary approval of two documents related to the refunding bonds:

- (i) A preliminary Official Statement ("POS") that will be distributed by the underwriter to potential investors in the refunding bonds.
- (ii) A continuing disclosure certificate, pursuant to which the Successor Agency will agree to provide annual updates of the information in the POS and information about specific events to the public finance investment community.

Neither the POS nor the continuing disclosure certificate needs to be approved by the Oversight Board or the DOF. The Successor Agency expects to market the refunding bonds in late July with an anticipated closing in August 2018.

The attached POS and continuing disclosure certificate have been reviewed and approved for transmittal to the City Council by Successor Agency staff and its financing team. The POS must include all facts that would be material to an investor in the refunding bonds. Material information is information for which there is a substantial likelihood it would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the refunding bonds. Members of the City Council may review the POS and/or question staff and consultants to make sure they feel comfortable that it includes all material facts.

FISCAL IMPACT:

The refunding transaction is being undertaken to achieve savings in the cost of interest over the remaining terms of the various original bond issues. At today's interest rates, the total transactional savings is anticipated to be approximately \$13.6 million, with a present value savings calculated to be approximately \$12.4 million, over the remaining life of the bonds. The final maturity of the 2018 Bonds is the same as the Prior Bonds – September 1, 2037. However, after reviewing various alternatives, staff has determined to structure the 2018 Bonds to produce upfront savings to the City from 2019 through 2023.

Due to the dissolution of the Redevelopment Agency, the savings will accrue to all the taxing entities that share in the local general tax levy. The City of Riverside's share is approximately 14% of the total. This represents roughly \$370,000 annually over the first 5 years of the remaining repayment term and decreases thereafter as the various portions of the refunding bonds mature consistent with the repayment periods for the original refunded bonds. The City's portion of the savings accrues to the benefit of General Fund and will begin in fiscal year 2018/19. The other taxing entities will also see an increase in their property tax distribution due to this refunding.

Prepared by:	Adam Raymond, Chief Financial Officer/City Treasurer
Certified as to	
Availability of funds:	Edward Enriquez, Assistant CFO/Deputy City Treasurer
Approved by:	Lea Deeing, Assistant City Manager
Approved as to form:	Gary G. Guess, City Attorney

Attachments:

1. Resolution Confirming the Issuance of Refunding Bonds Pursuant to an Indenture of Trust and Approving a Preliminary Official Statement
2. Preliminary Official Statement (includes Continuing Disclosure Certificate as Appendix G)
3. Presentation