



Successor Agency Bond Refunding Opportunity

Finance Department

City Council
June 26, 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 Tax Allocation Bond (TAB) issues totaling \$130,940,000 that will generate savings in annual debt service cost if refunded (current balance):

1. 2007A Downtown/Airport and Casa Blanca TABS: **\$8,120,000**
2. 2007B Downtown/Airport Casa Blanca (Taxable): **\$10,800,000**
3. 2007C University Corridor/Sycamore Canyon, Arlington, Hunter Par/Northside, Magnolia Center and La Sierra/Arlanza TAB: **\$83,885,000**
4. 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 follow:
 - Successor Agency – received on May 8, 2018
 - Oversight Board – received on May 16, 2018
 - Department of Finance (DOF) – in process with approval expected July 23, 2018
2. The DOF has 65 days to approve;



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Refunding Approval Process

3. During DOF approval period, staff has worked to complete a Preliminary Official Statement (POS) which is used to sell the Bonds; and
4. The POS is being presented at this meeting to the Successor Agency for approval. This document does not require Oversight Board or DOF approval.



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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. Adopt the attached Resolution confirming the issuance of the refunding bonds to refund certain outstanding bonds of the Successor Agency; and
2. Approve the Preliminary Official Statement.



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