



PUBLIC HEARING FOR TAX EXEMPT LEASE REVENUE BONDS AND REFINANCING OF 2012A TAX EXEMPT LEASE REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$73 MILLION TO FINANCE CONSTRUCTION OF THE MUSEUM PROJECT

Finance Department

City Council/Public Financing Authority
September 17, 2024

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BACKGROUND

- In 2012 the City's Public Finance Authority issued \$41.24 million in Tax Exempt Lease Revenue Bonds to refinance 2003 Certificates of Participation and lower debt service costs
- In 2019 the City's Public Finance Authority issued \$33.51 million in Tax Exempt Lease Revenue Bonds to fund the Main Library construction Project
- In December 2023, the City approved a design bid project renovating and expanding the Museum of Riverside's downtown site at 3580 Mission Inn Avenue



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BACKGROUND

- In April 2022, City Finance released a competitive RFP to obtain an underwriting firm to finance the Museum project
- Of the respondents Stifel Nicolaus & Company was selected as the lowest borrowing costs



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FINANCING TEAM

- City Staff include: Finance, City Attorney, City General Services, Museum
- Bond Counsel: Stradling, Yocca, Carlson & Rauth LLP
- Municipal Advisor: CSG Advisors, Inc.
- Escrow Agent and Trustee: US Bank
- Title Insurance: First American Title Company
- Verification Agent: Causey, Demgen & Moore
- Rating Agent: Standard & Poors
- Underwriter: Stifel, Nicolaus & Company Inc.



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PROPOSED TRANSACTIONS

1. Lease Revenue Bonds Secured by “Collateral”
 1. City Hall
 2. Lincoln Avenue Police Station and Patrol Building
 3. Bobby Bonds Park
 4. Corporation Yard Administration Building and Annex
 5. Main Library Facility
 6. Riverside Museum

2. Refinance 2012A Lease Revenue Bonds

3. Principal Not to Exceed \$73 Million

4. 12 Year Maturity – Corresponds to Measure Z Transaction and Use Tax



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GOOD FAITH ESTIMATES

1. Total Estimated Finance Charge - \$593,000

2. Aggregate Principal - \$60.7 million, \$6.6 million premium

3. Amount of Estimated Bond Proceeds - \$68.8 million

4. Estimated Total Payment Amount to Final Maturity - \$105 million

5. Estimated Average Annual Debt Service Payment - \$2.8 million



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STRATEGIC PLAN ALIGNMENT

List the Strategic Priority 5 – High Performing Government and Goal 5.4

Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



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RECOMMENDATIONS

That the City Council and Public Financing Authority:

1. Conduct a public hearing and adopt the attached Resolution of the City Council of the City of Riverside Authorizing the Execution and Delivery by the City of a Second Supplement to Ground Lease, Second Supplement to Lease Agreement, Second Supplemental Indenture, Continuing Disclosure Certificate and a Bond Purchase Agreement in Connection with the Issuance of Riverside Public Financing Authority Lease Revenue Bonds, Approving the Issuance of Such Bonds in an Aggregate Principal Amount of Not To Exceed \$73,000,000, Authorizing the Distribution of an Official Statement In Connection with the Offering and Sale of Such Bonds and Authorizing the Execution of Necessary Documents and Certificates and Related Actions Bonds;
2. Adopt the attached Resolution of the Board of Directors of the Riverside Public Financing Authority Authorizing the Execution and Delivery by the Authority of a Second Supplement to Ground Lease, Second Supplement to Lease Agreement, a Second Supplemental Indenture, Second Supplement to Assignment Agreement and Bond Purchase Agreement in Connection with the Issuance of Riverside Public Financing Authority Lease Revenue Bonds, Authorizing the Issuance of Such Bonds in an Aggregate Principal Amount of Not To Exceed \$73,000,000, Authorizing the Distribution of an Official Statement in Connection with the Offering and Sale of Such Bonds and Authorizing the Execution of Necessary Documents and Certificates and Related Actions;



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RECOMMENDATIONS

3. By at least five affirmative votes, authorize the City Manager, Chief Financial Officer, or designee to reappropriate \$10,000,000 from the Capital Outlay Fund, Museum Expansion and Renovation project account back to the General Fund infrastructure reserves account, reflecting full debt financing of the Museum Project; and
4. Upon closing of the Bonds, authorize the Chief Financial Officer, or designee, to make the necessary budget adjustments and/or appropriations to properly record the refunding and financing expenses in accordance with governmental accounting standards.

