

**OVERSIGHT BOARD
FOR THE
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY
FOR THE
COUNTY OF RIVERSIDE**

Reports, Discussion and Action Items

Meeting Date: June 19, 2014

Action: Adopt Resolution No. 2014-010, A Resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency for the County of Riverside Approving the Issuance of Housing Refunding Bonds, Making Certain Determinations With Respect to the Refunding Bonds and Providing Others Matters Relating Thereto - Successor Agency Item 4-1, as anticipated to be approved by the County of Riverside Board of Supervisors on June 17, 2014.

Background:

On June 17, 2014, the Board of Supervisors for the County of Riverside (BOS), as the governing body of the Successor Agency to the Redevelopment Agency for the County of Riverside, is anticipated to approve Item 4-1 - Successor Agency Resolution No. 2014-006, which approved the refunding of Series 2004 Tax Allocation Housing Bonds. The Agency's \$38,225,000 2004 Series A Housing Bonds will reach their ten (10) year call date and are callable on October 1, 2014. Current debt service coverage is close to 1.40 times. Aggregate coverage on all of the Successor Agency's debt (Housing and Project Area Bonds) is 1.47 times and is expected to increase once debt service is lowered and the increase in next year's tax roll is taken into account.

The bonds will be issued by the County's Public Financing Authority as have prior Redevelopment Agency bonds. The term of the existing bonds will not be extended. All of the refunding series produce savings well in excess of the Riverside County Debt Advisory Committee's (DAC) present value savings target of 3%. The issuance of the refunding bonds was approved at the DAC meeting on June 12, 2014.

The anticipated amount of the proposed bond issues, savings percentage, and savings amounts are shown in Table 1.

TABLE 1

Size	\$36,010,000
PV Savings	\$2,110,187
PV Savings As %	5.78%
Avg. Savings	\$169,0006
Total Savings	\$3,893,250

AB 1484 requires Successor Agency approval and Oversight Board approval of the refunding prior to submission to DOF for a 60-day review period. It is anticipated that the housing refunding bonds will be issued in October 2014. The final amounts of the proposed bond issue will be determined after DOF has approved this proposed transaction. This Oversight Board package includes an independent financial advisor's report as required by the DOF.

Recommendation: Staff recommends adoption of Resolution No. 2014-010, A Resolution of the Oversight Board for the Successor Agency to the Redevelopment Agency for the County of Riverside Approving the Issuance of Housing Refunding Bonds, Making Certain Determinations With Respect to the Refunding Bonds and Providing Others Matters Relating Thereto.

Attachments:

- Resolution No. 2014-010 of the Oversight Board for the Successor Agency to the Redevelopment Agency for the County of Riverside
- Independent Financial Advisor's Report prepared by C.M. deCrisis
- Staff Report to the Board of Supervisors for the County of Riverside, Item 4-1 of June 17, 2014

RESOLUTION NO. 2014-010

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE APPROVING THE ISSUANCE OF HOUSING REFUNDING BONDS, MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE REFUNDING BONDS AND PROVIDING OTHER MATTERS RELATING THERETO

WHEREAS, the Redevelopment Agency for the County of Riverside (the "Former Agency") was a public body, corporate and politic, duly established and authorized to transact business and exercise powers under and pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "Law");

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the Former Agency has been dissolved and no longer exists, and pursuant to Section 34173, the Successor Agency to the Redevelopment Agency for the County of Riverside (the "Successor Agency") has become the successor entity to the Former Agency;

WHEREAS, pursuant to Section 34179, this Oversight Board has been established for the Successor Agency;

WHEREAS, the Oversight Board is informed by the Successor Agency that in 2004, the Former Agency issued its Redevelopment Agency for the County of Riverside 2004 Tax Allocation Housing Bonds, Series A (the "Prior Bonds") in the initial aggregate principal amount of \$38,225,000 for the purpose of financing low- and moderate-income housing within the County of Riverside;

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of

1 Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of
2 achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the
3 "Savings Parameters");

4 **WHEREAS**, to determine compliance with the Savings Parameters for purposes of the
5 issuance by the Successor Agency of its Successor Agency to the Redevelopment Agency for
6 the County of Riverside 2014 Tax Allocation Housing Refunding Bonds, Series A (the
7 "Refunding Bonds"), the Successor Agency has caused its financial advisor, C.M. de Crinis &
8 Co., Inc. (the "Financial Advisor"), to prepare an analysis of the potential savings that will
9 accrue to the Successor Agency and to applicable taxing entities as a result of the use of the
10 proceeds of the Refunding Bonds to refund the Prior Bonds (the "Debt Service Savings
11 Analysis");

12 **WHEREAS**, the Successor Agency by its resolution adopted on June [17], 2014 (the
13 "Successor Agency Resolution") approved the issuance of the Refunding Bonds pursuant to
14 Section 34177.5(a)(1);

15 **WHEREAS**, in the Successor Agency Resolution, the Successor Agency approved the
16 issuance of the Refunding Bonds and authorized the execution and delivery of the Fifth
17 Supplement to Indenture of Trust, by and between the Successor Agency and The Bank of
18 New York Mellon Trust Company, N.A., as trustee, providing for the issuance of the Refunding
19 Bonds (the "Fifth Supplement");

20 **WHEREAS**, in order to increase the feasibility of refunding the Prior Bonds and other
21 outstanding bonds of the Former Agency, which will potentially reduce the amount of property
22 tax revenues required to pay debt service on the Prior Bonds and other outstanding bonds of
23 the Former Agency thereby increasing the amount of property tax revenues available to the
24 taxing entities, the Successor Agency has determined that it is necessary to amend the
25 definition of the term "Qualified Reserve Account Credit Instrument" set forth in the Original
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1 Indenture and in the Indenture of Trust dated as of December 1, 2004 relating to the Former
2 Agency's Redevelopment Agency for the County of Riverside 2004 Taxable Tax Allocation
3 Housing Bonds, Series A-T (as heretofore amended and supplemented, the "Original Taxable
4 Indenture"), between the Former Agency and The Bank of New York Trust Company, N.A., as
5 succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee (the "Taxable
6 Bonds Trustee"), pursuant to a Fourth Supplement to Indenture of Trust relating to the Original
7 Indenture (the "Fourth Supplement") by and between the Successor Agency and the Trustee,
8 and a Third Supplement to Indenture of Trust relating to the Original Taxable Indenture (the
9 "Third Taxable Supplement") by and between the Successor Agency and the Taxable Bonds
10 Trustee;
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12 **WHEREAS**, in the Successor Agency Resolution, the Successor Agency authorized
13 the execution and delivery of the Fourth Supplement and the Third Taxable Supplement;

14 **WHEREAS**, in the Successor Agency Resolution, the Successor Agency also
15 requested that this Oversight Board (i) direct the Successor Agency to undertake the
16 refunding proceedings and approve the issuance of the Refunding Bonds pursuant to the
17 Successor Agency Resolution and the Fifth Supplement, (ii) approve the execution and
18 delivery of the Fourth Supplement and the Third Taxable Supplement and (iii) that this
19 Oversight Board make certain determinations described below on which the Successor
20 Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding
21 Bonds;
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23 **WHEREAS**, the Successor Agency has determined to sell the Refunding Bonds to
24 Citigroup Global Markets Inc. (in such capacity, together with any other underwriter selected
25 by the Authorized Officers (as such term is defined in the Successor Agency Resolution) to
26 serve as a co-manager, the "Original Purchaser") pursuant to the terms of the Bond Purchase
27 Agreement to be entered into by the Successor Agency and the Original Purchaser;
28

1 **WHEREAS**, following approval by the Oversight Board of the issuance of the
2 Refunding Bonds by the Successor Agency and upon submission of the Oversight Board
3 Resolution to the California Department of Finance, the Successor Agency will, with the
4 assistance of its Disclosure Counsel, the Financial Advisor and the Fiscal Consultant to the
5 Successor Agency, cause to be prepared a form of Official Statement for the Refunding
6 Bonds describing the Refunding Bonds and containing material information relating to the
7 Successor Agency and the Refunding Bonds, the preliminary form of which will be submitted
8 to the Successor Agency for approval for distribution by the Original Purchaser, as underwriter
9 of the Refunding Bonds, to persons and institutions interested in purchasing the Refunding
10 Bonds; and
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12 **WHEREAS**, this Oversight Board has completed its review of the refunding
13 proceedings and the Debt Service Savings Analysis and wishes at this time to give its
14 approval to the foregoing;

15 **NOW THEREFORE, THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY**
16 **TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE DOES HEREBY**
17 **RESOLVE AS FOLLOWS:**
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19 **Section 1. Recitals.** The Recitals set forth above are true and correct and are
20 incorporated into this Resolution by this reference.

21 **Section 2. Determination of Savings.** This Oversight Board has determined that
22 there are significant potential savings available to the Successor Agency and to applicable
23 taxing entities in compliance with the Savings Parameters by the issuance by the Successor
24 Agency of the Refunding Bonds to refund and defease the Prior Bonds, all as evidenced by
25 the Debt Service Savings Analysis on file with the Secretary of the Oversight Board, which
26 Debt Service Savings Analysis is hereby approved.
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1 **Section 3. Direction and Approval of Issuance of the Bonds.** As authorized by
2 Section 34177.5(f), this Oversight Board hereby directs the Successor Agency to undertake
3 the refunding proceedings and as authorized by Section 34177.5(f) and Section 34180, this
4 Oversight Board hereby directs and approves the issuance by the Successor Agency of the
5 Refunding Bonds pursuant to Section 34177.5(a)(1) and under other applicable provisions of
6 the Law and the Refunding Law and as provided in the Successor Agency Resolution and the
7 Fifth Supplement in the aggregate principal amount of not to exceed \$45,000,000, provided
8 that the principal and interest payable with respect to the Refunding Bonds complies in all
9 respects with the requirements of the Savings Parameters with respect thereto, as shall be
10 certified to by the Financial Advisor upon delivery of the Refunding Bonds or any part thereof.
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12 **Section 4. Approval of Supplemental Indentures.** As authorized by Section
13 34177.5(f) and Section 34180, this Oversight Board hereby approves the execution and
14 delivery of the Fourth Supplement and the Third Supplement to increase the feasibility of
15 refunding the Prior Bonds and other outstanding bonds of the Former Agency.
16

17 **Section 5. Sale and Delivery of Refunding Bonds in Whole or in Part.** The
18 Oversight Board hereby approves the sale and delivery of the Refunding Bonds in whole,
19 provided that there is compliance with the Savings Parameters. However, if such Savings
20 Parameters cannot be met with respect to the whole of the Refunding Bonds, then the
21 Oversight Board approves the sale and delivery of the Refunding Bonds from time to time in
22 part. In the event the Refunding Bonds are initially sold in part, the Successor Agency is
23 hereby authorized to sell and deliver additional parts of the Refunding Bonds without the prior
24 approval of this Oversight Board provided that in each such instance the Refunding Bonds so
25 sold and delivered in part are in compliance with the Savings Parameters.
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1 **Section 6. Determinations by the Oversight Board.** As requested by the
2 Successor Agency, the Oversight Board makes the following determinations upon which the
3 Successor Agency shall rely in undertaking the refunding proceedings and the issuance of the
4 Refunding Bonds:

5 (a) The Successor Agency is authorized, as provided in Section 34177.5(f), to
6 recover its costs related to the issuance of the Refunding Bonds from the proceeds of
7 the Refunding Bonds, including the cost of reimbursing its administrative staff for time
8 spent with respect to the authorization, issuance, sale and delivery of the Refunding
9 Bonds;

10 (b) The application of proceeds of the Refunding Bonds by the Successor Agency
11 to the refunding and defeasance of the Prior Bonds, as well as the payment by the
12 Successor Agency of costs of issuance of the respective Refunding Bonds, as
13 provided in Section 34177.5(a), shall be implemented by the Successor Agency
14 promptly upon sale and delivery of the Refunding Bonds, notwithstanding Section
15 34177.3 or any other provision of law to the contrary, without the approval of the
16 Oversight Board, the California Department of Finance, the Riverside County Auditor-
17 Controller or any other person or entity other than the Successor Agency; and

18 (c) The Successor Agency shall be entitled to receive its full Administrative Cost
19 Allowance under Section 34181(a)(3) without any deductions with respect to
20 continuing costs related to each of to the Refunding Bonds, such as trustee's fees,
21 auditing and fiscal consultant fees and continuing disclosure and rating agency costs
22 (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance
23 shall be payable from property tax revenues pursuant to Section 34183. In addition
24 and as provided by Section 34177.5(f), if the Successor Agency is unable to complete
25 the issuance of any of the Refunding Bonds for any reason, the Successor Agency
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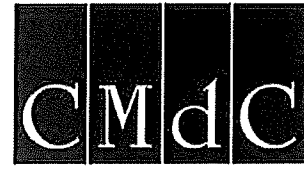
1 shall, nevertheless, be entitled to recover its costs incurred with respect to the
2 refunding proceedings with respect to such Refunding Bonds from such property tax
3 revenues pursuant to Section 34183 without reduction in its Administrative Cost
4 Allowance.

5 **Section 7. Effective Date.** Pursuant to Health and Safety Code Section 34177(f)
6 and Section 34179(h), this Resolution shall be effective five (5) business days after proper
7 notification hereof is given to the California Department of Finance unless the California
8 Department of Finance requests a review of the actions taken in this Resolution, in which case
9 this Resolution will be effective upon approval by the California Department of Finance.
10

11 **PASSED AND ADOPTED** by the Oversight Board for the Successor Agency to the
12 Redevelopment Agency for the County of Riverside at a regular meeting held on this ____ day
13 of _____, 2014, by the following vote, to wit:
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16 Approved as to Form:
17 Oversight Board Legal Counsel
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20 By: _____
21 James M. Casso
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C.M. de CRINIS & CO., INC.

MEMORANDUM

To: Successor Agency to the Redevelopment Agency for the County of Riverside

Date: June 17, 2014

From: C.M. de Crinis - Financial Advisor to the County of Riverside Public
Financing Authority Tax Allocation Bonds Refunding Program

RE: Housing Bond Refunding Plan

Introduction

As a result of ABx1 26 and the California Supreme Court decision in the Matosantos case challenging the constitutionality of AB 26, all redevelopment agencies in the State were dissolved as of February 1, 2012, including the Redevelopment Agency for the County of Riverside, and successor agencies to the former redevelopment agencies were designated to expeditiously wind down the affairs of the former redevelopment agencies. The County of Riverside acts as successor agency to the Redevelopment Agency (the "Successor Agency").

The primary provisions enacted by ABx1 26 relating to the dissolution and wind down of former redevelopment agency affairs are codified in Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the "Dissolution Act").

Refunding Bonds under the Dissolution Act - Section 34177.5 of the Health & Safety Code, which was added to the Dissolution Act by AB 1484, authorizes the Successor Agency to issue bonds for the purpose of refunding outstanding tax allocation bonds of the Redevelopment Agency or the Successor Agency to provide debt service savings

provided that (A) the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds does not exceed the total remaining interest cost to maturity on the bonds to be refunded plus the remaining principal of the bonds to be refunded, and (B) the principal amount of the refunding bonds does not exceed the amount required to defease the refunded bonds, to establish customary debt service reserves, and to pay related costs of issuance. If the foregoing conditions are satisfied, the initial principal amount of the refunding bonds may be greater than the outstanding principal amount of the bonds to be refunded.

Section 34177.5(h) of the Dissolution Act requires the Successor Agency to make diligent efforts to ensure that the lowest long-term cost financing is obtained, and requires the successor agency to make use of an independent financial advisor in developing financing proposals and to make the work products of the financial advisor available to the Department of Finance at its request.

This report is written by C.M. de Crinis & Co. Inc., which has been engaged as the independent financial advisor to the County of Riverside Public Financing Authority's Tax Allocation Bond Refunding Program (the "County Program"), to analyze the possible refunding of the Successor Agency's Series 2004 tax allocation bonds and to assure compliance with AB 1484.

Overview of Housing Bonds Refunding Plan

On February 20, 2014 the Successor Agency Oversight Board elected, pursuant to Health and Safety Code Section 34177.5(f), to participate in the Riverside County's Refunding Program which is available to all Successor Agencies in the County. (The Department approved an Indian Wells refunding through the County Program in April of this year. That refinancing was successfully concluded in May.) Successor Agency staff and the Program's financing team has identified three (3) Series of Refunding Bonds totaling \$62,875,000 (the "Refunding Bonds"), which will refund \$67,215,000 of outstanding bonds and are the subject of a separate submission. This submission pertains to the County's 2004 A Housing Bonds which are secured by the 20% Housing Set-Aside.

The Successor Agency plans to redeem and refund all of the bonds that produce acceptable net present value savings. Accordingly the size of the projected issuance will vary depending upon interest rates at the time of bond sale.

The Refunding Bonds will be purchased by the Riverside County Public Financing Authority (the "Authority"). The Authority will simultaneously issue Authority Tax Allocation Revenue Bonds underwritten by negotiated sale, provided savings are determined to be sufficient by the Successor Agency and the Authority. If savings are insufficient the Successor Agency may forgo or delay the refinancing. Successor Agency; Authority Staff has determined a minimum net combined present value target of at or near 3% of the principal bonds refunded. The Bonds can be refunded or repaid at any time after October 1, 2014 upon 30 days' notice and are treated as a current refunding under Federal Tax Law. The refunding bonds will be tax exempt.



Refunding Candidates

The Redevelopment Agency proposes to issue one series of Refunding Bonds:

2004 Series A Housing Bonds - Currently \$38,225,000 in Bonds are outstanding and refundable for acceptable savings. These bonds have a final maturity date of October 1, 2037 and are first callable 10/1/2014 at Par. \$36,010,000 2014 Tax Allocation Housing Refunding Bonds, Series A will be issued (The amount of refunding bonds sold is less than the bonds outstanding as a result of "premium" pricing; the net proceeds will be sufficient to redeem the outstanding bonds.)

The Authority also has a taxable Series 2004A Housing Bonds in addition to Housing Bonds issued in 2005, 2010 and 2011. These issues are currently not candidates for refunding due to unattractive savings levels.

Bond Structure and Credit Considerations

The 2014 Refunding bonds will be issued on parity with the Agency's existing Housing Bonds. The existing debt service coverage on the Housing Bonds is 1.35 times. It is expected that coverage will increase to 1.40 times after the refunding based upon the debt service savings and the increase in assessed values for Fiscal Year 2014-15. In 2004 the Authority Bonds were insured by XL Capital, now Syncora Guarantee, and were rated Aaa/AAA. The current rating of the Series 2004 Bonds is A- by Standard & Poor's. The term and repayment dates will be identical to the outstanding bonds being refunded. Savings will be proportional in each year.

Section 34177.5(g) provides that any refunding bonds shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Successor Agency's Redevelopment Property Tax Trust Fund. All three refunding series will be issued on a senior lien basis, on parity with other existing senior lien debt. Tax revenues will be pledged to pay the refunding debt service and submitted together with other existing Successor Agency debt service on the semi-annual ROPS for approval by the Department of Finance.

In order to issue the Series 2014 Refunding Bonds on parity with other outstanding senior lien bonds the refunding bonds will need to make additional contributions to existing pooled bond reserve funds. It is proposed to obtain bond debt service reserve fund surety policies in lieu of cash funded reserves. The Series 2004 Bonds being refunded currently have such Surety Policies from Syncora Guarantee Insurance. The Series 2014 Refunding Bonds will replace these policies, Syncora was rated Aaa/AAA in the 2004 but the bond ratings have subsequently been withdrawn. There are now only two viable remaining reserve fund surety providers, Assured Guarantee Municipal and Build America Mutual; neither have the "AAA" credit ratings from both Standard & Poor's and Moody's required under the existing senior indentures. Their Standard and Poor's ratings are "AA-" and "AA" respectively. We have requested an amendment from the existing insurers, Syncora and MBIA, to the prior indentures to allow for replacement sureties from these two currently active surety providers.



Obtaining these surety policies will require the Series 2014 Bonds to be qualified for insurance. Obtaining such insurance is a key objective in refunding the bonds. Obtaining the insurance and new surety policies, if available, will also upgrade the credit quality of the Authority other outstanding parity tax allocation bonds. The request for consent has already been made in connection with the County's non-housing refunding series mentioned above.

It is expected that the 2014 Authority Bonds will receive ratings from Standard & Poor's of "A-" the large diverse tax base increased debt service coverage and term. It is expected that bond insurance will be available from Assured Guaranty Mutual or Build America Mutual increasing the ratings to the "AA" category (Assured Guarantee is currently rated AA-) by S&P. No Moody's or Fitch Rating will be applied for.

Summary of Expected Refunding Results

	<u>2014 Housing Refunding Bonds</u>
Bonds Outstanding	\$38,225,000
Average Coupon	4.95%
Average Life	19.4
Final Maturity	2037
Refunding Bonds	\$36,010,000
True Interest Cost	4.33%
Final Maturity	2037
Average Life	19.4
Cash Flow Savings	\$3,893,250
Present Value Savings	\$2,211,183
As % of Refunded Bonds	5.78%



Savings Summary - 2014 Housing Refunding Bonds

<u>Fiscal Year</u>	<u>Prior Debt Service</u>	<u>New Debt Service</u>	<u>Savings</u>	<u>PV Savings</u>
6/30/2015	5,251.74		5,251.74	5,146.39
6/30/2016	1,890,625.00	1,805,501.39	85,123.61	82,546.55
6/30/2017	1,890,625.00	1,800,500.00	90,125.00	84,008.93
6/30/2018	1,890,625.00	1,800,500.00	90,125.00	80,705.05
6/30/2019	1,890,625.00	1,800,500.00	90,125.00	77,531.10
6/30/2020	1,890,625.00	1,800,500.00	90,125.00	74,481.98
6/30/2021	1,890,625.00	1,800,500.00	90,125.00	71,552.77
6/30/2022	1,890,625.00	1,800,500.00	90,125.00	68,738.77
6/30/2023	1,890,625.00	1,800,500.00	90,125.00	66,035.43
6/30/2024	1,890,625.00	1,800,500.00	90,125.00	63,438.41
6/30/2025	1,890,625.00	1,800,500.00	90,125.00	60,943.52
6/30/2026	1,890,625.00	1,800,500.00	90,125.00	58,546.75
6/30/2027	1,890,625.00	1,800,500.00	90,125.00	56,244.24
6/30/2028	1,890,625.00	1,800,500.00	90,125.00	54,032.28
6/30/2029	3,795,625.00	3,520,500.00	275,125.00	157,388.98
6/30/2030	4,590,375.00	4,319,500.00	270,875.00	148,819.97
6/30/2031	4,590,625.00	4,319,250.00	271,375.00	143,179.68
6/30/2032	4,593,875.00	4,322,500.00	271,375.00	137,497.53
6/30/2033	4,594,625.00	4,323,750.00	270,875.00	131,795.59
6/30/2034	4,592,625.00	4,317,750.00	274,875.00	128,426.50
6/30/2035	5,881,125.00	5,609,500.00	271,625.00	121,904.42
6/30/2036	5,880,750.00	5,608,750.00	272,000.00	117,273.30
6/30/2037	5,881,750.00	5,611,500.00	270,250.00	111,888.12
6/30/2038	<u>5,880,000.00</u>	<u>5,607,000.00</u>	<u>273,000.00</u>	<u>108,531.23</u>
	74,864,751.74	70,971,501.39	3,893,250.35	



Underwriting and Issuance

Under the County of Riverside Tax Allocation Bond Refunding Program the Successor Agency's Bonds will be sold to the Riverside County Public Financing Authority, a joint powers authority formed pursuant to the Marks-Roos Local Bond Pooling Act (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). The Authority will simultaneously issue its Tax Allocation Revenue Bonds to fund the purchase of the Agency's Bonds. Those bonds will be purchased on a negotiated basis. (The underwriting team was selected via a competitive RFP process.) This is a common structure and has been used in the past for the County Redevelopment Agency's own project area bond issues. There has been strong market acceptance in the past for this structure and over \$650 million in Riverside County Tax Allocation Bonds have been issued this way.

Process and Timing

. The Authority will take action following the receipt of approval from the Department of Finance. Assuming timely approvals from all agencies including the State Department of Finance, the Successor Agency and the Authority anticipate issuing the Refunding Bonds in October of 2014.

Allocation of Savings

It is expected that reductions in annual debt service will be allocated by the County Auditor to the appropriate taxing entities semiannually as part of the tax apportionment and ROPS processes. The primary beneficiaries are school and community college districts with approximately 60% of the savings. The County will receive approximately 29% of the annual savings (General, Structural Fire and Library Funds) with the remainder distributed to cities and special districts. (See attached summary.)

Compliance with AB 1484

Based upon the current projected results the Refunding Bonds would easily meet the tests imposed by AB 1484. The total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds does not exceed the total remaining interest cost to maturity on the bonds to be refunded plus the remaining principal of the bonds to be refunded, and (B) the principal amount of the refunding bonds does not exceed the amount required to defease the refunded bonds, to establish customary debt service reserves, and to pay related costs of issuance. In fact, the projected savings on a present value basis for all three series are well in excess of the generally accepted 3% target and the refunding will provide approximately \$3.8 million in additional tax revenue to the participating taxing entities.



The Successor Agency has made diligent efforts to ensure that the lowest long-term cost financing is obtained. These efforts include selecting its consultants via an RFP process and selecting a bond structure which is expected to carry the lowest interest cost. The Successor Agency has utilized an independent financial advisor in developing financing proposals and work products of the financial advisor in addition to this memorandum are available to the Department of Finance at its request.

Attachments: Bond sizing, debt service schedules and savings allocation schedule.



Attachment 1 – Savings Allocation

Residual Allocation Factors for Taxing Entities in County EDA Project Areas

<u>Fund ID</u>	<u>Fund Name</u>	<u>Share</u>
01-1001	GENERAL	0.21152981
01-1121	COUNTY FREE LIBRARY	0.02336083
01-1123	COUNTY STRUCTURE FIRE PROTECTION	0.06295123
02-2152	CITY OF BLYTHE ANX	0.00047799
02-2252	CITY OF COACHELLA ANX	0.00002460
02-2301	CITY OF CORONA	0.00839349
02-2321	CITY OF DESERT HOT SPRINGS	0.00019484
02-2375	CITY OF LA QUINTA	0.01729824
02-2407	CITY OF HEMET	0.00091476
02-2495	CITY OF MURRIETA	0.00061343
02-2498	CITY OF MURRIETA LIBRARY	0.00014062
02-2580	CITY OF PALM DESERT	0.00040621
02-2601	CITY OF PALM SPRINGS	0.00069522
02-2701	CITY OF RIVERSIDE	0.01073977
02-3100	CITY OF MENIFEE	0.00430943
02-3110	CITY OF MENIFEE FIRE PROTECTION	0.00448266
02-3200	CITY OF WILDOMAR	0.00101381
02-3210	CITY OF WILDOMAR FIRE PROTECTIO	0.00058810
02-3400	CITY OF EASTVALE	0.00216619
02-3410	CITY OF EASTVALE FIRE PROTECTIO	0.00562423
02-3500	CITY OF JURUPA VALLEY	0.02513357
03-0009	SAN BERNARDINO VAL COM COLLEGE - PTR	0.00003279
03-0018	COLTON JOINT UNIFIED SCHOOL - PTR	0.00000436
03-0801	BANNING UNIFIED SCHOOL - PTR	0.01527363
03-1601	COACHELLA VALLEY UNIFIED SCHOOL -PTR	0.09886181
03-1701	CORONA NORCO UNIFIED SCHOOL - PTR	0.04610018
03-2001	DESERT SANDS UNIFIED SCHOOL - PTR	0.00363834
03-2201	DESERT CENTER UNIFIED - PTR	0.00015484
03-2301	LAKE ELSINORE UNIFIED - PTR	0.01099686
03-3201	HEMET UNIFIED SCHOOL - PTR	0.00581063
03-3601	JURUPA UNIFIED SCHOOL - PTR	0.17301931
03-4501	MURRIETA UNIFIED - PTR	0.00236754
03-4701	NUVIEW SCHOOL - PTR	0.00017690
03-5101	PALM SPRINGS UNIFIED SCHOOL - PTR	0.02622428
03-5301	PALO VERDE UNIFIED SCHOOL - PTR	0.00234829
03-5401	PALO VERDE COMMUNITY COLLEGE - PTR	0.00048494
03-5701	PERRIS SCHOOL - PTR	0.00024738
03-5801	RIVERSIDE UNIFIED SCHOOL - PTR	0.03081675



03-6101	ROMOLAND SCHOOL - PTR	0.00284111
03-6501	TEMECULA UNIFIED - PTR	0.00147024
03-8001	VAL VERDE UNIF - PTR	0.01364782
03-8601	PERRIS UNION HIGH SCHOOL - PTR	0.01862694
03-9001	DESERT COMMUNITY COLLEGE - PTR	0.02442710
03-9101	RIVERSIDE CITY COMMUNITY COLLEG - PTR	0.03557698
03-9201	MT SAN JACINTO JUNIOR COLLEGE - PTR	0.00815128
03-9830	ELSINORE AREA ELEM SCHOOL FUND - PTR	0.00294685
03-9831	PERRIS AREA ELEM SCHOOL FUND - PTR	0.01483196
03-9832	PERRIS JR HIGH AREA FUND - PTR	0.01208622
03-9896	RIV. CO. OFFICE OF EDUCATION - PTR	0.04801379
04-1110	RIV CO REG PARK & OPEN SPACE	0.00435846
04-1362	FLOOD CONTROL ZONE 2	0.00363801
04-1363	FLOOD CONTROL ZONE 3	0.00133340
04-1366	FLOOD CONTROL ZONE 6	0.00163540
04-1724	COUNTY SERVICE AREA 22	0.00001033
04-1788	COUNTY SERVICE AREA 80	0.00020429
04-1792	SERVICE AREA # 84 - MENIFEE	0.00001983
04-1793	COUNTY SERVICE AREA 84	0.00004977
04-1794	COUNTY SERVICE AREA 85	0.00000000
04-1798	SERVICE AREA # 86 -MENIFEE	0.00004666
04-4018	ELSINORE VALLEY CEMETERY	0.00019762
04-4047	WILDOMAR CEMETERY	0.00008471
04-4157	JURUPA COMM SERV IMP 2	0.00107186
04-4158	JURUPA COMM SERV IMP 3	0.00116568
04-4365	DESERT HOSPITAL	0.00074766
04-4631	COUNTY ORTEGA TRAIL REC & PR	0.00031130
04-4851	MISSION SPRINGS WATER DISTRICT	0.00071281
04-4893	WEST VALLEY WATER	0.00000840
04-4917	RUBIDOUX COMM SERV DEBT SERVICE	0.00000237
04-5131	DESERT WATER AGENCY 1ST FRINGE	0.00075472
04-5142	DESERT WTR 6TH FRINGE PSEUDO	0.00000081
04-5491	EASTERN MUN WTR IMP DIST U-1	0.00004434
04-5494	EASTERN NUN WTR IMP DIST U-4	0.00001090
04-5496	EASTERN MUN WTR IMP DIST U-6	0.00002606
04-5501	ELSINORE VALLEY MUNICIPAL WATER	0.00313745
04-5711	WESTERN MUN WATER 1ST FRINGE	0.00000080
28-4736	RIVERSIDE CORONA RESOURCE CONSE	0.00011354
28-5260	LEE LAKE WATER	<u>0.00007467</u>
Total		1.00000000

Source: County of Riverside ACO, January 2014 Residual Allocation



Bond Sizing, Debt Service and Savings Schedules



TABLE OF CONTENTS

Riverside County RDA
Refunding of Riverside Co RDA - Series 2004A - Housing
2014 Tax Allocation Refunding Bonds
*** Preliminary - Subject to Change ***
Rates as of May 19, 2014

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SOURCES AND USES OF FUNDS

Riverside County RDA
Refunding of Riverside Co RDA - Series 2004A - Housing
2014 Tax Allocation Refunding Bonds
*** Preliminary - Subject to Change ***
Rates as of May 19, 2014

Sources:

Bond Proceeds:	
Par Amount	36,010,000.00
Premium	3,314,680.90
	<hr/>
	39,324,680.90
Other Sources of Funds:	
Bond Fund	940,060.76
	<hr/>
	40,264,741.66

Uses:

Refunding Escrow Deposits:	
Cash Deposit	39,170,312.50
Delivery Date Expenses:	
Cost of Issuance	250,000.00
Underwriter's Discount	195,917.01
Bond Insurance	532,286.26
Surety Policy	115,700.43
	<hr/>
	1,093,903.70
Other Uses of Funds:	
Additional Proceeds	525.46
	<hr/>
	40,264,741.66

Notes:

Assumes underlying A- ratings
Assumes new indentures with insurance (@ 75 bps of debt service) and surety (@ 3% of requirement)
Refundings select all candidates with at least 3.0% NPV Savings
Assumes 9/30/14 closing

BOND PRICING

Riverside County RDA
 Refunding of Riverside Co RDA - Series 2004A - Housing
 2014 Tax Allocation Refunding Bonds
 *** Preliminary - Subject to Change ***
 Rates as of May 19, 2014

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Tax-Exempt A- Serial Bonds:									
	10/01/2028	1,720,000	5.000%	3.470%	112.837 C	3.809%	10/01/2024	100.000	220,796.40
	10/01/2029	2,605,000	5.000%	3.560%	112.029 C	3.931%	10/01/2024	100.000	313,355.45
	10/01/2030	2,735,000	5.000%	3.630%	111.405 C	4.026%	10/01/2024	100.000	311,926.75
	10/01/2031	2,875,000	5.000%	3.700%	110.786 C	4.112%	10/01/2024	100.000	310,097.50
	10/01/2032	3,020,000	5.000%	3.770%	110.170 C	4.190%	10/01/2024	100.000	307,134.00
	10/01/2033	3,165,000	5.000%	3.840%	109.559 C	4.261%	10/01/2024	100.000	302,542.35
	10/01/2034	4,615,000	5.000%	3.900%	109.038 C	4.321%	10/01/2024	100.000	417,103.70
		20,735,000							2,182,956.15
Tax-Exempt A- Term in 2039:									
	10/01/2035	4,845,000	5.000%	4.090%	107.409 C	4.503%	10/01/2024	100.000	358,966.05
	10/01/2036	5,090,000	5.000%	4.090%	107.409 C	4.503%	10/01/2024	100.000	377,118.10
	10/01/2037	5,340,000	5.000%	4.090%	107.409 C	4.503%	10/01/2024	100.000	395,640.60
	10/01/2039	15,275,000	5.000%	4.090%	107.409 C	4.503%	10/01/2024	100.000	1,131,724.75
		36,010,000							3,314,680.90

Dated Date	09/30/2014
Delivery Date	09/30/2014
First Coupon	04/01/2015
Par Amount	36,010,000.00
Premium	3,314,680.90
Production	39,324,680.90
Underwriter's Discount	-195,917.01
Purchase Price	39,128,763.89
Accrued Interest	-
Net Proceeds	39,128,763.89

BOND SUMMARY STATISTICS

Riverside County RDA
 Refunding of Riverside Co RDA - Series 2004A - Housing
 2014 Tax Allocation Refunding Bonds
 *** Preliminary - Subject to Change ***
 Rates as of May 19, 2014

Dated Date	09/30/2014
Delivery Date	09/30/2014
Last Maturity	10/01/2037
Arbitrage Yield	4.052709%
True Interest Cost (TIC)	4.332176%
Net Interest Cost (NIC)	4.553972%
All-In TIC	4.516948%
Average Coupon	5.000000%
Average Life (years)	19.418
Duration of Issue (years)	12.887
Par Amount	36,010,000.00
Bond Proceeds	39,324,680.90
Total Interest	34,961,501.39
Net Interest	31,842,737.50
Total Debt Service	70,971,501.39
Maximum Annual Debt Service	5,611,500.00
Average Annual Debt Service	3,085,344.83
Underwriter's Fees (per \$1000)	
Average Takedown	4.000000
Management Fee	0.750000
Other Fee	0.690628
Total Underwriter's Discount	5.440628
Bid Price	108.660827

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Tax-Exempt A- Serial Bonds	20,735,000.00	110.528	5.000%	17.489	18,153.10
Tax-Exempt A- Term in 2039	15,275,000.00	107.409	5.000%	22.035	12,983.75
	36,010,000.00			19.418	31,136.85

	TIC	All-In TIC	Arbitrage Yield
Par Value	36,010,000.00	36,010,000.00	36,010,000.00
+ Accrued Interest	-	-	-
+ Premium (Discount)	3,314,680.90	3,314,680.90	3,314,680.90
- Underwriter's Discount	-195,917.01	-195,917.01	
- Cost of Issuance Expense		-250,000.00	
- Other Amounts		-647,986.69	-532,286.26
Target Value	39,128,763.89	38,230,777.20	38,792,394.64
Target Date	09/30/2014	09/30/2014	09/30/2014
Yield	4.332176%	4.516948%	4.052709%

SUMMARY OF REFUNDING RESULTS

Riverside County RDA
Refunding of Riverside Co RDA - Series 2004A - Housing
2014 Tax Allocation Refunding Bonds
*** Preliminary - Subject to Change ***
Rates as of May 19, 2014

Dated Date	09/30/2014
Delivery Date	09/30/2014
Arbitrage yield	4.052709%
Escrow yield	-
Value of Negative Arbitrage	-
Bond Par Amount	36,010,000.00
True Interest Cost	4.332176%
Net Interest Cost	4.553972%
All-In TIC	4.516948%
Average Coupon	5.000000%
Average Life	19.418
Par amount of refunded bonds	38,225,000.00
Average coupon of refunded bonds	4.945462%
Average life of refunded bonds	19.382
PV of prior debt to 09/30/2014 @ 4.052709%	43,691,781.35
Net PV Savings	2,211,182.95
Percentage savings of refunded bonds	5.784651%
Percentage savings of refunding bonds	6.140469%

SAVINGS

Riverside County RDA
 Refunding of Riverside Co RDA - Series 2004A - Housing
 2014 Tax Allocation Refunding Bonds
 *** Preliminary - Subject to Change ***
 Rates as of May 19, 2014

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 09/30/2014 @ 4.0527090%
10/01/2014	945,312.50	940,060.76	5,251.74	-	5,251.74	5,146.39
10/01/2015	1,890,625.00	-	1,890,625.00	1,805,501.39	85,123.61	82,546.55
10/01/2016	1,890,625.00	-	1,890,625.00	1,800,500.00	90,125.00	84,008.93
10/01/2017	1,890,625.00	-	1,890,625.00	1,800,500.00	90,125.00	80,705.05
10/01/2018	1,890,625.00	-	1,890,625.00	1,800,500.00	90,125.00	77,531.10
10/01/2019	1,890,625.00	-	1,890,625.00	1,800,500.00	90,125.00	74,481.98
10/01/2020	1,890,625.00	-	1,890,625.00	1,800,500.00	90,125.00	71,552.77
10/01/2021	1,890,625.00	-	1,890,625.00	1,800,500.00	90,125.00	68,738.77
10/01/2022	1,890,625.00	-	1,890,625.00	1,800,500.00	90,125.00	66,035.43
10/01/2023	1,890,625.00	-	1,890,625.00	1,800,500.00	90,125.00	63,438.41
10/01/2024	1,890,625.00	-	1,890,625.00	1,800,500.00	90,125.00	60,943.52
10/01/2025	1,890,625.00	-	1,890,625.00	1,800,500.00	90,125.00	58,546.75
10/01/2026	1,890,625.00	-	1,890,625.00	1,800,500.00	90,125.00	56,244.24
10/01/2027	1,890,625.00	-	1,890,625.00	1,800,500.00	90,125.00	54,032.28
10/01/2028	3,795,625.00	-	3,795,625.00	3,520,500.00	275,125.00	157,388.98
10/01/2029	4,590,375.00	-	4,590,375.00	4,319,500.00	270,875.00	148,819.97
10/01/2030	4,590,625.00	-	4,590,625.00	4,319,250.00	271,375.00	143,179.68
10/01/2031	4,593,875.00	-	4,593,875.00	4,322,500.00	271,375.00	137,497.53
10/01/2032	4,594,625.00	-	4,594,625.00	4,323,750.00	270,875.00	131,795.59
10/01/2033	4,592,625.00	-	4,592,625.00	4,317,750.00	274,875.00	128,426.50
10/01/2034	5,881,125.00	-	5,881,125.00	5,609,500.00	271,625.00	121,904.42
10/01/2035	5,880,750.00	-	5,880,750.00	5,608,750.00	272,000.00	117,273.30
10/01/2036	5,881,750.00	-	5,881,750.00	5,611,500.00	270,250.00	111,888.12
10/01/2037	5,880,000.00	-	5,880,000.00	5,607,000.00	273,000.00	108,531.23
	75,804,812.50	940,060.76	74,864,751.74	70,971,501.39	3,893,250.35	2,210,657.49

Savings Summary

PV of savings from cash flow	2,210,657.49
Plus: Refunding funds on hand	525.46
Net PV Savings	2,211,182.95

BOND DEBT SERVICE

Riverside County RDA
Refunding of Riverside Co RDA - Series 2004A - Housing
2014 Tax Allocation Refunding Bonds
*** Preliminary - Subject to Change ***
Rates as of May 19, 2014

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/2015	-	-	1,805,501.39	1,805,501.39
10/01/2016	-	-	1,800,500.00	1,800,500.00
10/01/2017	-	-	1,800,500.00	1,800,500.00
10/01/2018	-	-	1,800,500.00	1,800,500.00
10/01/2019	-	-	1,800,500.00	1,800,500.00
10/01/2020	-	-	1,800,500.00	1,800,500.00
10/01/2021	-	-	1,800,500.00	1,800,500.00
10/01/2022	-	-	1,800,500.00	1,800,500.00
10/01/2023	-	-	1,800,500.00	1,800,500.00
10/01/2024	-	-	1,800,500.00	1,800,500.00
10/01/2025	-	-	1,800,500.00	1,800,500.00
10/01/2026	-	-	1,800,500.00	1,800,500.00
10/01/2027	-	-	1,800,500.00	1,800,500.00
10/01/2028	1,720,000	5.000%	1,800,500.00	3,520,500.00
10/01/2029	2,605,000	5.000%	1,714,500.00	4,319,500.00
10/01/2030	2,735,000	5.000%	1,584,250.00	4,319,250.00
10/01/2031	2,875,000	5.000%	1,447,500.00	4,322,500.00
10/01/2032	3,020,000	5.000%	1,303,750.00	4,323,750.00
10/01/2033	3,165,000	5.000%	1,152,750.00	4,317,750.00
10/01/2034	4,615,000	5.000%	994,500.00	5,609,500.00
10/01/2035	4,845,000	5.000%	763,750.00	5,608,750.00
10/01/2036	5,090,000	5.000%	521,500.00	5,611,500.00
10/01/2037	5,340,000	5.000%	267,000.00	5,607,000.00
	36,010,000		34,961,501.39	70,971,501.39

SUMMARY OF BONDS REFUNDED

Riverside County RDA
Refunding of Riverside Co RDA - Series 2004A - Housing
2014 Tax Allocation Refunding Bonds

*** Preliminary - Subject to Change ***

Rates as of May 19, 2014

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Riverside Co RDA - Series 2004A - Housing:					
TERM	10/01/2029	5.000%	4,700,000.00	10/01/2014	100.000
TERM02	10/01/2032	5.000%	9,260,000.00	10/01/2014	100.000
TERM03	10/01/2034	4.750%	8,250,000.00	10/01/2014	100.000
TERM04	10/01/2037	5.000%	16,015,000.00	10/01/2014	100.000
			38,225,000.00		

PRIOR BOND DEBT SERVICE

Riverside County RDA
 Refunding of Riverside Co RDA - Series 2004A - Housing
 2014 Tax Allocation Refunding Bonds
 *** Preliminary - Subject to Change ***
 Rates as of May 19, 2014

Period Ending	Principal	Coupon	Interest	Debt Service
10/01/2014	-	-	945,312.50	945,312.50
10/01/2015	-	-	1,890,625.00	1,890,625.00
10/01/2016	-	-	1,890,625.00	1,890,625.00
10/01/2017	-	-	1,890,625.00	1,890,625.00
10/01/2018	-	-	1,890,625.00	1,890,625.00
10/01/2019	-	-	1,890,625.00	1,890,625.00
10/01/2020	-	-	1,890,625.00	1,890,625.00
10/01/2021	-	-	1,890,625.00	1,890,625.00
10/01/2022	-	-	1,890,625.00	1,890,625.00
10/01/2023	-	-	1,890,625.00	1,890,625.00
10/01/2024	-	-	1,890,625.00	1,890,625.00
10/01/2025	-	-	1,890,625.00	1,890,625.00
10/01/2026	-	-	1,890,625.00	1,890,625.00
10/01/2027	-	-	1,890,625.00	1,890,625.00
10/01/2028	1,905,000	5.000%	1,890,625.00	3,795,625.00
10/01/2029	2,795,000	5.000%	1,795,375.00	4,590,375.00
10/01/2030	2,935,000	5.000%	1,655,625.00	4,590,625.00
10/01/2031	3,085,000	5.000%	1,508,875.00	4,593,875.00
10/01/2032	3,240,000	5.000%	1,354,625.00	4,594,625.00
10/01/2033	3,400,000	4.750%	1,192,625.00	4,592,625.00
10/01/2034	4,850,000	4.750%	1,031,125.00	5,881,125.00
10/01/2035	5,080,000	5.000%	800,750.00	5,880,750.00
10/01/2036	5,335,000	5.000%	546,750.00	5,881,750.00
10/01/2037	5,600,000	5.000%	280,000.00	5,880,000.00
	38,225,000		37,579,812.50	75,804,812.50

ESCROW REQUIREMENTS

Riverside County RDA
Refunding of Riverside Co RDA - Series 2004A - Housing
2014 Tax Allocation Refunding Bonds
*** Preliminary - Subject to Change ***
Rates as of May 19, 2014

Period Ending	Interest	Principal Redeemed	Total
10/01/2014	945,312.50	38,225,000.00	39,170,312.50
	945,312.50	38,225,000.00	39,170,312.50

ESCROW COST

Riverside County RDA
Refunding of Riverside Co RDA - Series 2004A - Housing
2014 Tax Allocation Refunding Bonds
*** Preliminary - Subject to Change ***
Rates as of May 19, 2014

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
09/30/2014	-	39,170,312.50	39,170,312.50
	0	39,170,312.50	39,170,312.50

ESCROW SUFFICIENCY

Riverside County RDA
Refunding of Riverside Co RDA - Series 2004A - Housing
2014 Tax Allocation Refunding Bonds
*** Preliminary - Subject to Change ***
Rates as of May 19, 2014

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
09/30/2014	-	39,170,312.50	39,170,312.50	39,170,312.50
10/01/2014	39,170,312.50	-	-39,170,312.50	-
	39,170,312.50	39,170,312.50	0.00	

ESCROW STATISTICS

Riverside County RDA
 Refunding of Riverside Co RDA - Series 2004A - Housing
 2014 Tax Allocation Refunding Bonds
 *** Preliminary - Subject to Change ***
 Rates as of May 19, 2014

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow: 39,170,312.50	-	-	-	39,165,947.22	-	4,365.28
39,170,312.50				39,165,947.22	0.00	4,365.28

Delivery date 09/30/2014
 Arbitrage yield 4.052709%

AGGREGATE DEBT SERVICE

Riverside County RDA
Refunding of Riverside Co RDA - Series 2004A - Housing
2014 Tax Allocation Refunding Bonds
*** Preliminary - Subject to Change ***
Rates as of May 19, 2014

Period Ending	Refunding of Riverside Co RDA - Series 2004A - Housing	Aggregate Debt Service
10/01/2015	1,805,501.39	1,805,501.39
10/01/2016	1,800,500.00	1,800,500.00
10/01/2017	1,800,500.00	1,800,500.00
10/01/2018	1,800,500.00	1,800,500.00
10/01/2019	1,800,500.00	1,800,500.00
10/01/2020	1,800,500.00	1,800,500.00
10/01/2021	1,800,500.00	1,800,500.00
10/01/2022	1,800,500.00	1,800,500.00
10/01/2023	1,800,500.00	1,800,500.00
10/01/2024	1,800,500.00	1,800,500.00
10/01/2025	1,800,500.00	1,800,500.00
10/01/2026	1,800,500.00	1,800,500.00
10/01/2027	1,800,500.00	1,800,500.00
10/01/2028	3,520,500.00	3,520,500.00
10/01/2029	4,319,500.00	4,319,500.00
10/01/2030	4,319,250.00	4,319,250.00
10/01/2031	4,322,500.00	4,322,500.00
10/01/2032	4,323,750.00	4,323,750.00
10/01/2033	4,317,750.00	4,317,750.00
10/01/2034	5,609,500.00	5,609,500.00
10/01/2035	5,608,750.00	5,608,750.00
10/01/2036	5,611,500.00	5,611,500.00
10/01/2037	5,607,000.00	5,607,000.00
	70,971,501.39	70,971,501.39

DISCLAIMER

Riverside County RDA
Refunding of Riverside Co RDA - Series 2004A - Housing
2014 Tax Allocation Refunding Bonds
*** Preliminary - Subject to Change ***
Rates as of May 19, 2014

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DISCLAIMER

Riverside County RDA
Refunding of Riverside Co RDA - Series 2004A - Housing
2014 Tax Allocation Refunding Bonds
*** Preliminary - Subject to Change ***
Rates as of May 19, 2014

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**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

744



FROM: Successor Agency to the Redevelopment Agency

SUBMITTAL DATE:
June 5, 2014

SUBJECT: Refunding of Outstanding Bonds of the Dissolved Redevelopment Agency, All Districts, [\$275,000] (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Successor Agency Resolution No. 2014-006 authorizing the issuance of refunding tax allocation housing bonds to refinance the 2004 Series A Housing Bonds,
2. Direct staff to submit this item to the Oversight Board for approval.

BACKGROUND:

Summary

(commences on next page)

Rohini Dasika
Rohini Dasika
Senior Management Analyst

FORM APPROVED COUNTY COUNSEL
BY: *Alex Gann* 6/4/14
DALEA. GARDNER Departmental Concurrence DATE

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ N/A	\$ 275,000	\$ 275,000	\$ N/A	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ N/A	\$ N/A	\$ N/A	\$ N/A	
SOURCE OF FUNDS: Bond Proceeds				Budget Adjustment:	No
				For Fiscal Year:	14/15

C.E.O. RECOMMENDATION:

APPROVE

BY: *Alex Gann*
Alex Gann

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- 4/5 Vote
- Positions Added
- Change Order

Prev. Agn. Ref.: 4-1, 9/24/13

District: All

Agenda Number:

4-1

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Refunding of Outstanding Bonds of the Dissolved Redevelopment Agency, All Districts, [\$275,000]
(Vote on Separately)
DATE: June 5, 2014
PAGE: 2 of 2

BACKGROUND:
Summary (continued)

On September 24, 2013, the Board of Supervisors approved in principle the initiation of a County Redevelopment Bond Refunding Program (Agenda Item 4-1). On February 11, 2014, the Board of Supervisors, via Agenda Item 4-1, executed the Refunding Program Agreement and approved Successor Agency Resolution No. 2014-003, requesting direction to undertake proceedings for the refunding of outstanding bonds of the former Redevelopment Agency for the County of Riverside and providing for other matters relating thereto. On June 3, 2014 the Board approved the issuance of three series of project area refinancings.

The Agency's \$38,225,000 2004 Series A Housing Bonds will reach their ten (10) year call date and are callable on October 1, 2014. The proximity to the call date makes the bond issue an attractive refunding candidate. The Successor Agency wishes to achieve debt service savings that will accrue to the benefit of the County, and other applicable taxing entities.

The bonds will be issued by the County's Public Financing Authority as have prior Redevelopment Agency bonds. The term of the existing bonds will not be extended. The refunding bonds produce savings well in excess of the Riverside County Debt Advisory Committee's (DAC) present value savings target of 3%. The issuance of the refunding bonds was approved at the DAC meeting on June 12, 2014.

The anticipated amount of the proposed bond issues, savings percentage, and savings amounts are shown in the table below.

2014 Housing Bond Refinancing Summary

Size	\$36,010,000
PV Savings	\$2,110,187
PV Savings As %	5.78%
Avg. Savings	\$169,0006
Total Savings	\$3,893,250

These refunding bonds will be issued in October 2014. Staff is bringing forward this request for approval from the Successor Agency, and subsequently the Oversight Board, at this time due to the requirements for review by Department of Finance "DOF" as required by AB 1484. The AB 1484 review process requires a 60 day review period by the DOF *after* Successor Agency and Oversight Board approval. The final disclosure documents of the proposed bond issue will be brought back to the Successor Agency after DOF has approved the legal documents and the preliminary financial analysis. The Board package includes our independent financial advisor's report as required by the DOF.

Impact on Citizens and Businesses

This item will be beneficial for the citizens of Riverside County due to the surplus tax revenue that will be derived from the refinancing at lower rates. Taxing entities will share the surplus property taxes from the project areas which will be distributed to the County, cities, schools, and special districts in Riverside County.

The savings in debt service payments that would otherwise be paid to bondholders will be distributed to taxing entities including the County General Fund (21%), County Fire (6.4%), and County Library (2.3%), K-12 school districts and community college districts (approximately 60% combined), and the remainder to cities and special districts.

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RESOLUTION NO. 2014-006

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE APPROVING THE ISSUANCE OF HOUSING REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE DISSOLVED REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, APPROVING THE EXECUTION AND DELIVERY OF A FOURTH SUPPLEMENT TO INDENTURE OF TRUST RELATING THERETO, REQUESTING OVERSIGHT BOARD APPROVAL OF THE ISSUANCE OF THE REFUNDING BONDS, REQUESTING CERTAIN DETERMINATIONS BY THE OVERSIGHT BOARD, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the Redevelopment Agency for the County of Riverside (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173, the Successor Agency to the Redevelopment Agency for the County of Riverside (the "Successor Agency") has become the successor entity to the Former Agency;

WHEREAS, prior to the dissolution of the Former Agency, the Former Agency issued its Redevelopment Agency for the County of Riverside 2004 Tax Allocation Housing Bonds, Series A (the "Prior Bonds") in the initial aggregate principal amount of \$38,225,000 for the purpose of financing low- and moderate-income housing within the County of Riverside;

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner
DATE: 6/4/14

1 **WHEREAS**, the Prior Bonds were issued pursuant to an
2 Indenture of Trust dated as of December 1, 2004 (as heretofore
3 amended and supplemented, the "Original Indenture"), between the
4 Former Agency and The Bank of New York Trust Company, N.A., as
5 succeeded by The Bank of New York Mellon Trust Company, N.A., as
6 trustee (the "Trustee");
7

8 **WHEREAS**, Section 34177.5 authorizes the Successor Agency to
9 issue refunding bonds pursuant to Article 11 (commencing with
10 Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5
11 of the Government Code (the "Refunding Law") for the purpose of
12 achieving debt service savings within the parameters set forth
13 in Section 34177.5(a)(1) (the "Savings Parameters");
14

15 **WHEREAS**, to determine compliance with the Savings
16 Parameters for purposes of the issuance by the Successor Agency
17 of its 2014 Tax Allocation Housing Refunding Bonds, Series A
18 (the "Refunding Bonds"), the Successor Agency has caused its
19 financial advisor, C.M. de Crinis & Co., Inc. (the "Financial
20 Advisor"), to prepare an analysis of the potential savings that
21 will accrue to the Successor Agency and to applicable taxing
22 entities as a result of the use of the proceeds of the Refunding
23 Bonds to refund the Prior Bonds (the "Debt Service Savings
24 Analysis");
25

26 **WHEREAS**, the Successor Agency desires at this time to
27 approve the issuance of the Refunding Bonds and to approve the
28

1 form of and authorize the execution and delivery of the Fifth
2 Supplement to Indenture of Trust, by and between the Successor
3 Agency and the Trustee, providing for the issuance of the
4 Refunding Bonds (the "Fifth Supplement" and, together with the
5 Original Indenture and the Fourth Supplement, as defined below,
6 the "Indenture") and the Irrevocable Refunding Instructions to
7 be delivered to The Bank of New York Mellon Trust Company, N.A.,
8 as trustee for the Prior Bonds, to be dated as of the date of
9 the issuance and delivery of the Refunding Bonds (the "Refunding
10 Instructions");

11
12 **WHEREAS**, in order to increase the feasibility of refunding
13 the Prior Bonds and other outstanding bonds of the Former
14 Agency, which will potentially reduce the amount of property tax
15 revenues required to pay debt service on the Prior Bonds and
16 other outstanding bonds of the Former Agency thereby increasing
17 the amount of property tax revenues available to the taxing
18 entities, the Successor Agency has determined that it is
19 necessary to amend the definition of the term "Qualified Reserve
20 Account Credit Instrument" set forth in the Original Indenture
21 and in the Indenture of Trust dated as of December 1, 2004
22 relating to the Former Agency's Redevelopment Agency for the
23 County of Riverside 2004 Taxable Tax Allocation Housing Bonds,
24 Series A-T (as heretofore amended and supplemented, the
25 "Original Taxable Indenture"), between the Former Agency and The
26 Bank of New York Trust Company, N.A., as succeeded by The Bank
27 of New York Mellon Trust Company, N.A., as trustee (the "Taxable
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Bonds Trustee"), pursuant to a Fourth Supplement to Indenture of Trust relating to the Original Indenture (the "Fourth Supplement") by and between the Successor Agency and the Trustee, and a Third Supplement to Indenture of Trust relating to the Original Taxable Indenture (the "Third Taxable Supplement") by and between the Successor Agency and the Taxable Bonds Trustee;

WHEREAS, the Successor Agency desires to approve the forms of and authorize the execution and delivery of the Fourth Supplement and the Third Taxable Supplement;

WHEREAS, pursuant to Section 34179, an oversight board (the "Oversight Board") has been established for the Successor Agency;

WHEREAS, the Successor Agency is now requesting that the Oversight Board (i) direct the Successor Agency to undertake the refunding proceedings and approve the issuance of the Refunding Bonds pursuant to this Resolution and the Fifth Supplement and (ii) approve the execution and delivery of the Fourth Supplement and the Third Taxable Supplement;

WHEREAS, the Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the Refunding Bonds;

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WHEREAS, the Successor Agency has determined to sell the Refunding Bonds to Citigroup Global Markets Inc. (in such capacity, together with any other underwriter selected by the Authorized Officers to serve as a co-manager, the "Original Purchaser") pursuant to the terms of the Bond Purchase Agreement (the "Purchase Agreement") to be entered into by the Successor Agency and the Original Purchaser;

WHEREAS, following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of its Disclosure Counsel, the Financial Advisor and the Fiscal Consultant to the Successor Agency, cause to be prepared a form of Official Statement for the Refunding Bonds describing the Refunding Bonds and containing material information relating to the Successor Agency and the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Original Purchaser, as underwriter of the Refunding Bonds, to persons and institutions interested in purchasing the Refunding Bonds;

NOW, THEREFORE, the Successor Agency to the Redevelopment Agency for the County of Riverside **RESOLVES** as follows:

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1. Determination of Savings. The Successor Agency has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the Refunding Bonds to provide funds to refund and defease the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Secretary of the Successor Agency, which Debt Service Savings Analysis is hereby approved.

2. Approval of Issuance of the Bonds. The Successor Agency hereby authorizes and approves the issuance of the Refunding Bonds under the Law and the Refunding Law in the aggregate principal amount of not to exceed \$45,000,000, provided that the Refunding Bonds are in compliance with the Savings Parameters at the time of sale and delivery.

3. Approval of Fifth Supplement. The Successor Agency hereby approves the Fifth Supplement prescribing the terms and provisions of the Refunding Bonds and the application of the proceeds of the Refunding Bonds. Each of the Chief Executive Officer or the Deputy Chief Executive Officer of the County of Riverside, on behalf of the Successor Agency (each, an "Authorized Officer"), is hereby authorized and directed to execute and deliver, and the Secretary of the Successor Agency, is hereby authorized and directed to attest to, the Fifth Supplement for and in the name and on behalf of the Successor

1 Agency, in substantially the form on file with the Secretary of
2 the Successor Agency, with such changes therein, deletions
3 therefrom and additions thereto as the Authorized Officer
4 executing the same shall approve, such approval to be
5 conclusively evidenced by the execution and delivery of the
6 Fifth supplement. The Successor Agency hereby authorizes the
7 delivery and performance of the Fifth Supplement and the
8 performance of the Indenture.
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11 4. Approval of Fourth Supplement and Third Taxable
12 Supplement. The Successor Agency hereby further approves the
13 Fourth Supplement and the Third Taxable Supplement. Each
14 Authorized Officer, is hereby authorized and directed to execute
15 and deliver, and the Secretary of the Successor Agency, is
16 hereby authorized and directed to attest to, the Fourth
17 Supplement and the Third Taxable Supplement for and in the name
18 and on behalf of the Successor Agency, in substantially the
19 forms on file with the Secretary of the Successor Agency, with
20 such changes therein, deletions therefrom and additions thereto
21 as the Authorized Officer executing the same shall approve, such
22 approval to be conclusively evidenced by the execution and
23 delivery of the Fourth Supplement and the Third Taxable
24 Supplement. The Successor Agency hereby authorizes the delivery
25 and performance of the Fourth Supplement and the Third Taxable
26 Supplement.
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2 5. Approval of Refunding Instructions. The form of the
3 Refunding Instructions on file with the Secretary are hereby
4 approved and the Authorized Officers are, each acting alone
5 hereby authorized and directed, for and in the name and on
6 behalf of the Successor Agency, to execute and deliver the
7 Refunding Instructions. The Successor Agency hereby authorizes
8 the delivery and performance of its obligations under the
9 Refunding Instructions.

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11 6. Oversight Board Approval of the Issuance of the Bonds.
12 The Successor Agency hereby requests the Oversight Board as
13 authorized by Section 34177.5(f) to direct the Successor Agency
14 to undertake the refunding proceedings and as authorized by
15 Section 34177.5(f) and Section 34180 to approve the issuance of
16 the Refunding Bonds pursuant to Section 34177.5(a)(1) and this
17 Resolution and the Indenture.

18
19 7. Determinations by the Oversight Board. The Successor
20 Agency requests that the Oversight Board make the following
21 determinations upon which the Successor Agency will rely in
22 undertaking the refunding proceedings and the issuance of the
23 Refunding Bonds:

24
25 (a) The Successor Agency is authorized, as provided in
26 Section 34177.5(f), to recover its costs related to the issuance
27 of the Refunding Bonds from the proceeds of the Refunding Bonds,
28 including the cost of reimbursing its administrative staff for

1 time spent with respect to the authorization, issuance, sale and
2 delivery of the Refunding Bonds;
3

4 (b) The application of proceeds of the Refunding Bonds by
5 the Successor Agency to the refunding and defeasance of the
6 Prior Bonds, as well as the payment by the Successor Agency of
7 costs of issuance of the Refunding Bonds, as provided in Section
8 34177.5(a), shall be implemented by the Successor Agency
9 promptly upon sale and delivery of the Refunding Bonds,
10 notwithstanding Section 34177.3 or any other provision of law to
11 the contrary, without the approval of the Oversight Board, the
12 California Department of Finance, the Riverside County Auditor-
13 Controller or any other person or entity other than the
14 Successor Agency;
15

16 (c) The Successor Agency shall be entitled to receive its
17 full Administrative Cost Allowance under Section 34181(a)(3)
18 without any deductions with respect to continuing costs related
19 to the Refunding Bonds, such as trustee's fees, auditing and
20 fiscal consultant fees and continuing disclosure and rating
21 agency costs (collectively, "Continuing Costs of Issuance"), and
22 such Continuing Costs of Issuance shall be payable from property
23 tax revenues pursuant to Section 34183. In addition and as
24 provided by Section 34177.5(f), if the Successor Agency is
25 unable to complete the issuance of any of the Refunding Bonds
26 for any reason, the Successor Agency shall, nevertheless, be
27 entitled to recover its costs incurred with respect to the
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1 refunding proceedings with respect to such Refunding Bonds from
2 such property tax revenues pursuant to Section 34183 without
3 reduction in its Administrative Cost Allowance.
4

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6 8. Filing of Debt Service Savings Analysis and
7 Resolution. The Secretary of the Successor Agency is hereby
8 authorized and directed to file the Debt Service Savings
9 Analysis, together with a certified copy of this Resolution,
10 with the Oversight Board, and, as provided in Section 34180(j)
11 with the Riverside County Administrative Officer, the Riverside
12 County Auditor-Controller and the California Department of
13 Finance.
14

15 9. Sale of Refunding Bonds. The Successor Agency hereby
16 approves the Purchase Agreement. The Authorized Officers, each
17 acting alone, are hereby authorized and directed to execute and
18 deliver the Purchase Agreement for and in the name and on behalf
19 of the Successor Agency, in substantially the form on file with
20 the Secretary of the Successor Agency, with such changes
21 therein, deletions therefrom and additions thereto as the
22 Authorized Officer executing the same shall approve, such
23 approval to be conclusively evidenced by the execution and
24 delivery of the Purchase Agreement. The Authorized Officers are
25 further authorized to select one or more co-managing
26 underwriters for one or more series of the Refunding Bonds.
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2 10. Issuance of Refunding Bonds in Whole or in Part. It
3 is the intent of the Successor Agency to sell and deliver the
4 Refunding Bonds in whole, provided that there is compliance with
5 the Savings Parameters. However, the Successor Agency will
6 initially authorize the sale and delivery of the Refunding Bonds
7 in whole or, if such Savings Parameters cannot be met with
8 respect to the whole, then in part; provided that the Refunding
9 Bonds so sold and delivered in part are in compliance with the
10 Savings Parameters. The sale and delivery of the Refunding
11 Bonds in part will in each instance provide sufficient funds
12 only for the refunding of that portion of the Refunding Bonds
13 that meet the Savings Parameters. In the event the Refunding
14 Bonds are initially sold in part, the Successor Agency intends
15 to sell and deliver additional parts of the Refunding Bonds
16 without the prior approval of the Oversight Board provided that
17 in each such instance the Refunding Bonds so sold and delivered
18 in part are in compliance with the Savings Parameters.

19
20 11. Municipal Bond Insurance and Surety Bonds. The
21 Authorized Officers, each acting alone, are hereby authorized
22 and directed to take all actions necessary to obtain a municipal
23 bond insurance policy for the Refunding Bonds and reserve
24 account surety bonds for the Refunding Bonds from a municipal
25 bond insurance company if it is determined, upon consultation
26 with the Financial Advisor and the Original Purchaser, that such
27 municipal bond insurance policy and/or surety bonds will reduce
28 the true interest costs of the Refunding Bonds.

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12. Approval of Official Statement. Following approval by the Oversight Board of the issuance of the Refunding Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of its Disclosure Counsel, Fiscal Consultant and Financial Advisor, cause to be prepared a form of Official Statement for the Refunding Bonds, describing the Refunding Bonds and containing material information relating to the Successor Agency and the Refunding Bonds, the preliminary form of which will be submitted to the Successor Agency for approval for distribution by the Original Purchaser to persons and institutions interested in purchasing the Refunding Bonds.

13. Official Actions. The Authorized Officers and any and all other officers of the Successor Agency are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in obtaining the requested approval by the Oversight Board and the California Department of Finance and in the issuance, sale and delivery of the Refunding Bonds. Whenever in this Resolution any officer of the Successor Agency is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer

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by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

14. Effective Date. This Resolution shall take effect from and after the date of approval and adoption thereof.

The foregoing resolution was passed and adopted by the Successor Agency to the Redevelopment Agency for the County of Riverside at a regular meeting held on the 17th day of June, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair

(S E A L)

Attest:

By: _____
Secretary