



## **DEBT ADVISORY COMMITTEE**

Thursday, May 11, 2023

9:00 a.m.

County Executive Office

4080 Lemon Street, 4<sup>th</sup> Floor, Riverside, CA

Raincross Conference Room C

### **AGENDA**

1. Call to Order and Introductions.....Executive Office
2. Approval of Meeting Minutes from October 13, 2022.....Executive Office
3. Review and Recommend – County of Riverside FY 2023-24 TRANS .....Executive Office
4. Public Comment
5. Other Business
6. Meeting Adjourned to June 8, 2023

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Katie Ponce at [KMPonce@rivco.org](mailto:KMPonce@rivco.org) or (951) 955-1142. Notification 48 hours prior to the meeting will enable us to make reasonable arrangements to ensure accessibility to the meeting [28 CFR 35 .102.35.104 ADA Title II].

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# DEBT ADVISORY COMMITTEE MEETING

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## MINUTES OF VIRTUAL ZOOM MEETING

October 13, 2022 at 9:00 a.m.

**Members Present:**

Don Kent	County Executive Office (Chair)
Jarvyk Punzalan	Community Facilities District/Assessment District
Giovane Pizano	Treasurer-Tax Collector
Kristine Valdez	County Counsel
Darrylenn Prudholme-Brockington	Flood Control and Water Conservation District
Amber Jacobson	Office of Economic Development

**Members Absent:**

Tanya Harris	Auditor Controller's Office
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**Staff and Guests Present:**

John Byerly	Treasurer-Tax Collector
Marlana McSkimming	Purchasing
Anna Sarabian	Fieldman, Rolapp & Associates
Katie Ponce	Executive Office

**1. Call to Order and Self-Introductions**

The Debt Advisory Committee meeting was called to order at 9:00 a.m. Those present made self-introductions.

**2. Approval of Resolution No. 2022-004 a Resolution of the Debt Advisory Committee authorizing remote teleconference meetings of the legislative bodies of the Debt Advisory Committee for the period of October 13, 2022 to November 12, 2022 pursuant to the Ralph M. Brown Act.**

**MOTION:** Amber Jacobson moved to approve Resolution No. 2022-004 to authorize remote teleconference meetings.

Giovane Pizano seconded.

All were in favor. The motion passed unanimously.

**3. Approval of the DAC Meeting Minutes for September 8, 2022.**

**MOTION:** Giovane Pizano moved to approve the DAC meeting minutes from September 8, 2022.

Don Kent seconded.

All were in favor. The motion passed unanimously.

**4. Review and Recommend – Master Lease Purchase Agreement**

Chairman Don Kent, with the Executive Office, explained the reason for the review of the Master Lease Purchase Agreement. The last time the County awarded an RFP was in June of 2020. Purchasing and Fleet Services brought it to the Board along with our office at that time. The Executive Office is now managing the administrative portion of the agreement by monitoring the activity and balances. Purchasing assisted by handling the RFP for a new line of credit, which must be completed before the current available capacity gets too low or to zero.

As of September 2022, \$11 million was remaining, however requests have since been made for equipment, fire equipment, fleet vehicles and patrol vehicles. Also, due to concerns regarding recent supply chain issues, ample capacity is needed. After the review of this Committee, this item is tentatively scheduled for the Board of Supervisors' meeting agenda on October 25, 2022.

Mr. Kent further explained, Purchasing issued RFP # RivCo-RFP-0000511 in August of 2022 to establish a new \$50 million line of credit. This will be used to meet future County financing requirements, prior to the current LOC being depleted of funds. Requests were sent to 166 lending institution contacts and was advertised on the Purchasing and Fleet website. Bids were received from four financial institutions including, JPMorgan Chase Bank, N.A., Banc of America Public Capital Corp, MUFG Union Bank, and Signature Bank.

The evaluation team consisting of the Executive Office and the Treasurer-Tax Collector's Office reviewed the responses and recommends the award to JPMorgan as the most responsive bidder, which also provided the lowest tax-exempt *and taxable* interest rates to the County.

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Mr. Kent stated something to note is that interest charges accrue *only* when items are placed on the line of credit.

**MOTION:        Giovane Pizano moved to approve the Master Lease Purchase Agreement.**

**Jarvyk Punzalan seconded.**

**All were in favor. The motion passed unanimously.**

**5.     Public Comment**

None

**6.     Other Business**

None

**7.     Next Meeting(s)**

The next regularly scheduled Debt Advisory Committee Meeting is scheduled for Thursday, November 10, 2022, or as needed.

**8.     Adjourn**

With no further business, Chairman Don Kent, adjourned the Debt Advisory Committee Meeting at 9:19 a.m.

**SUBMITTAL TO THE DEBT ADVISORY COMMITTEE  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**FROM:** EXECUTIVE OFFICE

**AGENDA DATE:** May 11, 2023

**SUBJECT:** Fiscal Year 2023-24 Tax and Revenue Anticipation Notes

**RECOMMENDED MOTION:** Review and recommend approval to the Board of Supervisors the issuance of the County of Riverside FY 2023-24 Tax and Revenue Anticipation Notes.

**BACKGROUND:** The County annually issues Tax and Revenue Anticipation Notes (TRANs) to provide needed funds to cover the projected cash-flow deficits of the County General Fund during the course of the fiscal year. The deficit occurs because the timing of tax collections does not match the County's on-going expenditure requirements.

In addition, as a cost savings measure, the County evaluates annually the option of prepaying the unfunded liability portion of its CalPERS pension obligations. The prepayment has occurred for the last 19 years and is recommended again for FY 2023-24. Staff will continue to evaluate the cash-flow benefit of the prepayment up to the pricing of the TRANs. If, at the time of the pricing, there are insufficient savings, the prepayment portion will be removed from the TRANs.

The FY 2023-24 resolution authorizes the issuance of an aggregate amount not-to-exceed \$400,000,000 though the actual amount will likely be less. The large authorization provides flexibility in the event the County and/or State budgets change substantially. The resolution also allows for the issuance of an additional parity note during FY 2023-24, essentially providing for the possibility of having two series with staggered maturities inside of twelve months.

The County's issuance cost for the TRANs will be approximately \$350,000 assuming a \$360,000,000 note size, with underwriter's compensation of approximately \$123,318. Based on current market conditions, the all-in true interest cost for the twelve-month tax-exempt note is estimated at approximately 3.31%. Due to volatility in the financial markets, rates may be higher at the time of sale.

The resolution also appoints the law firm of Orrick, Herrington & Sutcliffe LLP as bond counsel to the County, Kutak Rock LLP as disclosure counsel for the notes, Fieldman, Rolapp & Associates, Inc. as municipal advisor, and J.P. Morgan Securities LLC, as senior managing underwriter, together with Samuel A. Ramirez & Co., Inc. as co-manager.

A handwritten signature in blue ink, appearing to read "Don Kent", is written over a horizontal line.

Don Kent  
Director of Finance

**COUNTY OF RIVERSIDE - DEBT ADVISORY COMMITTEE  
FINANCING FACT SHEET**

**A. DESCRIPTION OF TYPE OF ISSUE (i.e., GO, COP, IDB, Single/Multi Family):**

Name of Issue/Series Fiscal Year 2023-2024 Tax and Revenue Anticipation Notes

Aggregate Principal Amount \$360,000,000

Type of Sale (check one)

Negotiated Sale  Competitive Sale  Private Placement

Estimated Issue Date July 3, 2023

Estimated Pricing Date +/- June 1, 2023

Final Maturity Date June 28, 2024

Projected Rating of the Securities:

Moody's N/A Standard & Poor's SP-1+ (expected)

Fitch F1+ (expected)

**B. IDENTIFY THE PROJECT(S) TO BE FINANCED (including location):**

County General fund cash flow deficits due to the timing of tax collections not matching on-going expenditure requirements.

**C. IDENTIFY PARTICIPATING DEVELOPERS:**

N/A

**D. PRINCIPAL PARTIES TO THE TRANSACTION:**

Bond Counsel: Orrick, Herrington & Sutcliffe LLP

Trustee or Fiscal Agent and/or

Registrar/Transfer/Paying Agent: US Bank

Underwriter: J.P. Morgan Securities LLC (Senior Manager); Samuel A. Ramirez & Co., Inc. (Co-Manager)

Financial Advisor: Fieldman, Rolapp & Associates, Inc.

Property Appraiser: None

Credit Enhancement Provider/Form

of Credit Enhancement: None

**E. INITIATING COUNTY DEPARTMENT AND AMOUNT OF PROCESSING FEES**

**RECEIVED:** Executive Office

**F. ADMINISTRATING COUNTY DEPARTMENT & SOURCE OF ADMINISTRATIVE FUNDS:**

Executive Office

**G. ANTICIPATED STRUCTURE OF DEBT:  
 (check if applicable)**

Variable rate interest \_\_\_\_\_  
 Fixed rate interest  X   
 Serial Bonds  X   
 Term Bonds \_\_\_\_\_  
 Capital Appreciation Bonds \_\_\_\_\_  
 Other \_\_\_\_\_

**AMORTIZATION OF PRINCIPAL/DEBT  
 SERVICE STRUCTURE:**

1st year of Amortization  2024   
 Level debt service (yes/no)  no   
 Escalating debt service (yes/no)  no   
 Decreasing debt service (yes/no)  no   
 Average annual debt service  \$383,070,423

**H. CAPITALIZED COSTS: N/A**

	(\$)	(% Issue)	(# days)
Reserve Fund	<u> N/A </u>	_____	_____
Capitalized Interest	<u> N/A </u>	_____	_____
Contingencies	<u> N/A </u>	_____	_____
Other Capitalized Accts.	<u> N/A </u>	_____	_____

**I. CREDIT ENHANCEMENT: N/A**

**Type of Credit Enhancement (check one):**

**Provider: N/A**

Direct Draw LOC  N/A   
 Standby LOC  N/A   
 Municipal Bond Insurance  N/A   
 Investment Securities Collateral  N/A   
 Backup LOC  N/A

**Amount of Credit Enhancement: N/A**

Principal  N/A   
 Interest (# days)  N/A   
 Administrative Costs  N/A   
 Insurance Premiums  N/A   
 Other \_\_\_\_\_

**Term of Credit Enhancement: N/A**

Initial Term of LOC (# years)  N/A   
 Renewal Provisions  N/A

**Requirements Upon Conversion (if variable rate): N/A**

Letter of Credit Required? (yes/no or n/a)  N/A   
 Bond Rating Required? (yes/no or n/a)  N/A   
 If yes, what rating \_\_\_\_\_  
 Minimum denomination of securities \_\_\_\_\_

**J. SOURCES OF REPAYMENT (exclusive of credit enhancement): (Check if applicable)**

Capitalized Interest	_____
Property Taxes	_____ X _____
General Fund	_____ X _____
Special Assessments	_____
Tax Increment	_____
Special Taxes	_____
Enterprise Revenue	_____
Mortgage Payments	_____
IDB/pvt Party	_____
Other	_____
Describe any revenue coverage	_____

**K. ATTACHMENTS:**

1. Attach Estimated Sources and Uses Statement
2. Attach Estimated Debt Service Schedule for Fixed Rate Transactions

**IF MORE SPACE IS NEEDED TO CLARIFY AN ANSWER PLEASE ATTACH A SEPARATE SHEET OF PAPER.**



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Market conditions as of May 3, 2023  
Preliminary, subject to change

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SOURCES AND USES OF FUNDS

COUNTY OF RIVERSIDE
2023 TAX AND REVENUE ANTICIPATION NOTE
Market conditions as of May 3, 2023
Preliminary, subject to change

Dated Date 07/03/2023
Delivery Date 07/03/2023

Sources:

Table with 2 columns: Description and Amount. Rows include Bond Proceeds (Par Amount, Premium) and a total of 366,192,000.00.

Uses:

Table with 2 columns: Description and Amount. Rows include Project Fund Deposits (Project Fund), Delivery Date Expenses (Cost of Issuance, Underwriter's Discount), and a total of 366,192,000.00.

**BOND SUMMARY STATISTICS**

**COUNTY OF RIVERSIDE  
2023 TAX AND REVENUE ANTICIPATION NOTE  
Market conditions as of May 3, 2023  
Preliminary, subject to change**

Dated Date	07/03/2023
Delivery Date	07/03/2023
First Coupon	06/28/2024
Last Maturity	06/28/2024
Arbitrage Yield	3.176206%
True Interest Cost (TIC)	3.210907%
Net Interest Cost (NIC)	3.290512%
All-In TIC	3.309492%
Average Coupon	5.000000%
Average Life (years)	0.986
Weighted Average Maturity (years)	0.986
Duration of Issue (years)	0.986
Par Amount	360,000,000.00
Bond Proceeds	366,192,000.00
Total Interest	17,750,000.00
Net Interest	11,681,317.73
Total Debt Service	377,750,000.00
Maximum Annual Debt Service	377,750,000.00
Average Annual Debt Service	383,070,422.54
Underwriter's Fees (per \$1000)	
Average Takedown	0.250000
Other Fee	0.092549
Total Underwriter's Discount	0.342549
Bid Price	101.685745

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Tax and Revenue Anticipation Note	360,000,000.00	101.720	5.000%	0.986	36,000.00
	360,000,000.00			0.986	36,000.00

	TIC	All-In TIC	Arbitrage Yield
Par Value	360,000,000.00	360,000,000.00	360,000,000.00
+ Accrued Interest			
+ Premium (Discount)	6,192,000.00	6,192,000.00	6,192,000.00
- Underwriter's Discount	-123,317.73	-123,317.73	
- Cost of Issuance Expense		-350,000.00	
- Other Amounts			
Target Value	366,068,682.27	365,718,682.27	366,192,000.00
Target Date	07/03/2023	07/03/2023	07/03/2023
Yield	3.210907%	3.309492%	3.176206%

BOND PRICING

COUNTY OF RIVERSIDE  
 2023 TAX AND REVENUE ANTICIPATION NOTE  
 Market conditions as of May 3, 2023  
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Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)	Takedown
Tax and Revenue Anticipation Note:	06/28/2024	360,000,000	5.000%	3.200%	101.720	6,192,000.00	0.250
		360,000,000				6,192,000.00	

Dated Date	07/03/2023	
Delivery Date	07/03/2023	
First Coupon	06/28/2024	
Par Amount	360,000,000.00	
Premium	6,192,000.00	
Production	366,192,000.00	101.720000%
Underwriter's Discount	-123,317.73	-0.034255%
Purchase Price	366,068,682.27	101.685745%
Accrued Interest		
Net Proceeds	366,068,682.27	

DETAILED BOND DEBT SERVICE

COUNTY OF RIVERSIDE  
2023 TAX AND REVENUE ANTICIPATION NOTE  
Market conditions as of May 3, 2023  
Preliminary, subject to change

Tax and Revenue Anticipation Note (NOTE)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/28/2024	360,000,000	5.000%	17,750,000	377,750,000	
06/30/2024					377,750,000
	360,000,000		17,750,000	377,750,000	377,750,000

UNDERWRITER'S DISCOUNT

COUNTY OF RIVERSIDE  
2023 TAX AND REVENUE ANTICIPATION NOTE  
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Underwriter's Discount	\$/1000	Amount
Average Takedown	0.25000	90,000.00
DALCOMP	0.02406	8,661.01
CUSIP	0.00043	155.00
Day Loan	0.02542	9,151.72
DTC	0.00097	350.00
Underwriters' Counsel	0.04167	15,000.00
	0.34255	123,317.73

COST OF ISSUANCE

COUNTY OF RIVERSIDE  
2023 TAX AND REVENUE ANTICIPATION NOTE  
Market conditions as of May 3, 2023  
Preliminary, subject to change

Cost of Issuance	\$/1000	Amount
EXP@@CI0	0.97222	350,000.00
	0.97222	350,000.00

PROOF OF ARBITRAGE YIELD

COUNTY OF RIVERSIDE  
 2023 TAX AND REVENUE ANTICIPATION NOTE  
 Market conditions as of May 3, 2023  
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Date	Debt Service @	Present Value to 07/03/2023 @ 3.1762056854%
06/28/2024	377,750,000.00	366,192,000.00
	377,750,000.00	366,192,000.00

**Proceeds Summary**

Delivery date	07/03/2023
Par Value	360,000,000.00
Premium (Discount)	6,192,000.00
Target for yield calculation	366,192,000.00



FORM 8038 STATISTICS

COUNTY OF RIVERSIDE  
 2023 TAX AND REVENUE ANTICIPATION NOTE  
 Market conditions as of May 3, 2023  
 Preliminary, subject to change

Dated Date 07/03/2023  
 Delivery Date 07/03/2023

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Tax and Revenue Anticipation Note:						
	06/28/2024	360,000,000.00	5.000%	101.720	366,192,000.00	360,000,000.00
		360,000,000.00			366,192,000.00	360,000,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	06/28/2024	5.000%	366,192,000.00	360,000,000.00		
Entire Issue			366,192,000.00	360,000,000.00	0.9861	3.1762%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	473,317.73
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00