



**SPECIAL MEETING
OF THE
DEBT ADVISORY COMMITTEE**

Thursday, May 16, 2024

11:00 a.m.

County Executive Office
4080 Lemon Street, 4th Floor, Riverside, CA
Raincross Conference Room C

AGENDA

1. Call to Order and Introductions.....Executive Office
2. Approval of Meeting Minutes from April 11, 2024.....Executive Office
3. Review and Recommend Approval - County of Riverside FY 2024-25 Tax and Revenue Anticipation Notes..... Executive Office
4. Public Comment
5. Other Business
6. Meeting Adjourned to June 13, 2024

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Trina Head at tmhead@rivco.org, or (951) 955-1157. 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].

DEBT ADVISORY COMMITTEE MEETING

MEETING MINUTES

April 11, 2024, at 9:00 a.m.

Members Present:

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

Members Absent: None

Staff and Guests Present:

Trina Head	Executive Office
Imelda Delos Santos	Executive Office
Jonathan Gutierrez	Executive Office
Anna Sarabian	Fieldman, Rolapp & Associates, Inc.

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 the DAC Meeting Minutes for April

MOTION: Don Kent moved to approve the Special DAC meeting minutes from April 04, 2024.

Giovane Pizano seconded.

All were in favor. The motion passed unanimously.

3. Review and Recommend Approval of the Community Facilities District No. 04-2 (Lake Hills Crest) of the County of Riverside Special Tax Refunding Bonds, Series 2024

Jarvyk Punzalan, with the Executive Office, provided a brief overview of the submittal of the Community Facilities of the County of Riverside Special Tax Refunding Bonds, Series 2024. The Community Facilities District No. 04-2 (Lake Hills Crest) of the County of Riverside (the "District") was formed in 2005 to finance public improvements. The district is located in the northwest portion of the county in an unincorporated area one mile south of the 91 freeway and 3 miles east of Interstate 15. All the property is residential use as single-family detached homes.

Anna Sarabian, our financial advisor with Fieldman, Rolapp, reviewed the Financing Fact Sheet.

MOTION: Amber Jacobson moved to review and recommend approval of the Community Facilities District No. 04-2 (Lake Hills Crest) of the County of Riverside Special Tax Refunding Bonds, Series 2024.

Ben Benoit seconded.

All were in favor. The motion passed unanimously.

4. Review and Recommend Approval of the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Refunding Bonds, Series 2024.

Jarvyk Punzalan, with the Executive Office, provided a brief overview of the submittal of the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside that was formed in 2006 to finance public improvements. The District consists of several properties located in the City of Menifee and part of unincorporated areas of the county, approximately 10 miles north of Temecula. The District previously issued its Special Tax Bonds, Series 2008 for approximately \$11.59 million.

In 2013, the District issued its Special Tax Bonds, series 2013 for approximately \$16.9 million to refinance the 2008 Bonds. In 2018, the District issued its Special Tax Bonds, Series 2019 in the original aggregate amount of \$5.12 million to finance additional public improvements. Currently, the 2013 Bonds are outstanding at about \$15.23 million. The 2018 Bonds are still outstanding for \$5.12 million because these Bonds are wrapped around the 2013 Series with the first principal

payment starting on September 1, 2043. The 2018 Bonds can be optionally redeemed on September 1, 2025, plus a redemption premium of 3%.

The 2013 Bonds can be refinanced by issuing approximately \$10,950,000 in tax-exempt fixed-rate 2024 Bonds. The 2018 Bonds can be legally defeased reducing significant cost savings. The 2024 Bonds will maintain the final maturity as the 2013 Bonds, September 1, 2042. The 2024 Bonds will close off the remaining lien since there are no remaining improvements to be funded and the remaining unissued authorization is no longer needed closing the lien as well. As a result, all accumulated Special Tax Revenues and various funds associated with the District will be contributed to the full defeasance of the 2018 Bonds and refunding of the 2013 Bonds reducing the size of the 2024 Bonds. Enhancing the refunding savings and reducing the future annual Special Taxes to be levied on the properties within the District. The net present value savings is estimated at 10.8% above the Board policy of 3%. Interest on the Bond is payable semi-annually, March and September.

Anna Sarabian, our financial advisor with Fieldman, Rolapp, reviewed the Financing Fact Sheet.

Ben Benoit inquired about the funds for the infrastructure being no longer needed and if the City of Menifee is aware.

Anna Sarabian explained the County department of Transportation and Land Management Agency (TLMA) and the City of Menifee have been contacted on several occasions to discuss the Bonds. TLMA and the City of Menifee have not had any request for infrastructure changes. The City of Menifee is also now incorporated which Scott Road fall in the City's jurisdiction. Don Kent explained that the city would need to form on their own and the County is performing its role of closing the lien. Any new improvements outside of the jurisdiction of the county would then shift to the city.

Darrylenn Prudholme-Brockington with Flood Control and Water Conservation District asked why the previous CFD had a 25-basis point versus 15-basis point cushion for this one.

Anna Sarabian responded that it was to create some competition. We had two underwriters and at the time the market was expecting rate cuts and may not be happening.

There was open discussion regarding the Bonds and verifying that the City of Menifee is aware of the recommendation.

MOTION: Ben Benoit moved to review and recommend the approval of the Community Facilities District No. 05-8 (Scott Road) of the County of Riverside Special Tax Refunding Bonds, Series 2024, pending the Executive Office would follow up with the City of Menifee regarding closing off the lien and defeasing the 2018 bonds.

Darrylenn Prudholme-Brockington seconded.

The motion passed unanimously.

5. Public Comment

None

6. Other Business

None

7. Next Meeting(s)

The next regularly scheduled Debt Advisory Committee Meeting on Thursday, May 09, 2024, is canceled.

A Special Debt Advisory Committee Meeting is scheduled for Thursday, May 16, 2024, at **11:00 a.m.**

7. Adjourn

With no further business, Chairman Don Kent, adjourned the Debt Advisory Committee Meeting at 9:39 a.m.

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



FROM: EXECUTIVE OFFICE

AGENDA DATE: May 16, 2024

SUBJECT: County of Riverside FY 2024-25 Tax and Revenue Anticipation Notes

RECOMMENDED MOTION: That the Debt Advisory Committee review and recommend approval of the issuance of the County of Riverside FY 2024-25 Tax and Revenue Anticipation Notes to the Board of Supervisors.

BACKGROUND: The County annually issues Tax and Revenue Anticipation Notes (TRANS) to provide funds necessary to cover the projected cash-flow deficits of the County General Fund during the course of the fiscal year. The deficit occurs primarily because the timing of the distribution of tax receipts 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 in exchange for a discount. The prepayment has occurred for the last 20 years and is recommended again for FY 2024-25. 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 2024-25 resolution authorizes the issuance of an aggregate amount not-to-exceed \$500,000,000 though the actual amount will very 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 2024-25, 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 \$490,573 assuming a \$400,000,000 note size, with underwriter's compensation of approximately \$135,573. These amounts are subject to change, pending the FY 2024-25 final recommended budget preparation and corresponding cashflows. Confirmed amounts will be presented to the Board for their approval. Based on current market conditions, the all-in true interest cost for the twelve-month tax-exempt note is estimated at approximately 3.35%. 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 Wells Fargo Bank N.A. 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 County of Riverside FY 2024-25 Tax and Revenue Anticipation Notes

Aggregate Principal Amount \$400,000,000 estimated. Per resolution, NTE \$500,000,000

Type of Sale (check one)

Negotiated Sale X Competitive Sale _____ Private Placement _____

Estimated Issue Date July 1, 2024

Estimated Pricing Date +/- June 6, 2024

Final Maturity Date June 30, 2025

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 receipts 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); Wells Fargo Bank N.A. (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 2025
 Level debt service (yes/no) no
 Escalating debt service (yes/no) no
 Decreasing debt service (yes/no) no
 Average annual debt service \$421,114,206

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

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 8, 2024
Preliminary, subject to change
****Assuming Par Amount \$400MM****

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SOURCES AND USES OF FUNDS

COUNTY OF RIVERSIDE
2024-25 TAX AND REVENUE ANTICIPATION NOTE
Market conditions as of May 8, 2024
Preliminary, subject to change
Assuming Par Amount \$400MM

Dated Date 07/01/2024
Delivery Date 07/01/2024

Sources:

Table with 2 columns: Description and Amount. Rows include Bond Proceeds (Par Amount, Premium) and a total of 406,760,000.00.

Uses:

Table with 2 columns: Description and Amount. Rows include Project Fund Deposits, Delivery Date Expenses (Cost of Issuance, Underwriter's Discount), and a total of 406,760,000.00.

BOND SUMMARY STATISTICS

**COUNTY OF RIVERSIDE
2024-25 TAX AND REVENUE ANTICIPATION NOTE**

Market conditions as of May 8, 2024

Preliminary, subject to change

****Assuming Par Amount \$400MM****

Dated Date	07/01/2024
Delivery Date	07/01/2024
First Coupon	06/30/2025
Last Maturity	06/30/2025
Arbitrage Yield	3.224513%
True Interest Cost (TIC)	3.258483%
Net Interest Cost (NIC)	3.339280%
NIC w/Interest only	5.000000%
NIC w/Interest & OID	3.305292%
NIC w/Interest, OID & Und. Discount	3.339280%
All-In TIC	3.347515%
Average Coupon	5.000000%
Average Life (years)	0.997
Weighted Average Maturity (years)	0.997
Duration of Issue (years)	0.997
Par Amount	400,000,000.00
Bond Proceeds	406,760,000.00
Total Interest	19,944,444.44
Net Interest	13,320,017.66
Total Debt Service	419,944,444.44
Maximum Annual Debt Service	419,944,444.44
Average Annual Debt Service	421,114,206.12
Underwriter's Fees (per \$1000)	
Average Takedown	0.250000
Other Fee	0.088933
Total Underwriter's Discount	0.338933
Bid Price	101.656107

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Tax and Revenue Anticipation Note	400,000,000.00	101.690	5.000%	0.997	40,000.00
	400,000,000.00			0.997	40,000.00

	TIC	All-In TIC	Arbitrage Yield
Par Value	400,000,000.00	400,000,000.00	400,000,000.00
+ Accrued Interest			
+ Premium (Discount)	6,760,000.00	6,760,000.00	6,760,000.00
- Underwriter's Discount	-135,573.22	-135,573.22	
- Cost of Issuance Expense		-355,000.00	
- Other Amounts			
Target Value	406,624,426.78	406,269,426.78	406,760,000.00
Target Date	07/01/2024	07/01/2024	07/01/2024
Yield	3.258483%	3.347515%	3.224513%

BOND PRICING

COUNTY OF RIVERSIDE
2024-25 TAX AND REVENUE ANTICIPATION NOTE

Market conditions as of May 8, 2024

Preliminary, subject to change

Assuming Par Amount \$400MM

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)	Takedown
Tax and Revenue Anticipation Note:	06/30/2025	400,000,000	5.000%	3.250%	101.690	6,760,000.00	0.250
		400,000,000				6,760,000.00	

Dated Date	07/01/2024
Delivery Date	07/01/2024
First Coupon	06/30/2025
Par Amount	400,000,000.00
Premium	6,760,000.00
Production	406,760,000.00
Underwriter's Discount	-135,573.22
Purchase Price	406,624,426.78
Accrued Interest	
Net Proceeds	406,624,426.78

101.690000%
-0.033893%

DETAILED BOND DEBT SERVICE

COUNTY OF RIVERSIDE
2024-25 TAX AND REVENUE ANTICIPATION NOTE
Market conditions as of May 8, 2024
Preliminary, subject to change
****Assuming Par Amount \$400MM****

Tax and Revenue Anticipation Note (NOTE)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/30/2025	400,000,000	5.000%	19,944,444.44	419,944,444.44	419,944,444.44
	400,000,000		19,944,444.44	419,944,444.44	419,944,444.44

UNDERWRITER'S DISCOUNT

COUNTY OF RIVERSIDE
2024-25 TAX AND REVENUE ANTICIPATION NOTE
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Preliminary, subject to change
****Assuming Par Amount \$400MM****

Underwriter's Discount	\$/1000	Amount
Average Takedown	0.25000	100,000.00
DALCOMP	0.02393	9,573.11
CUSIP	0.00040	159.50
Day Loan	0.02541	10,165.61
DTC	0.00106	425.00
Underwriters' Counsel	0.03750	15,000.00
DAC Continuing Disclosure Review	0.00063	250.00
	0.33893	135,573.22

COST OF ISSUANCE

COUNTY OF RIVERSIDE
2024-25 TAX AND REVENUE ANTICIPATION NOTE
Market conditions as of May 8, 2024
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Cost of Issuance	\$/1000	Amount
Riverside County (Issuer's Expenses)	0.88750	355,000.00
	0.88750	355,000.00

PROOF OF ARBITRAGE YIELD

COUNTY OF RIVERSIDE
2024-25 TAX AND REVENUE ANTICIPATION NOTE
Market conditions as of May 8, 2024
Preliminary, subject to change
****Assuming Par Amount \$400MM****

Date	Debt Service	Present Value to 07/01/2024 @ 3.2245128413%
06/30/2025	419,944,444.44	406,760,000.00
	419,944,444.44	406,760,000.00

Proceeds Summary

Delivery date	07/01/2024
Par Value	400,000,000.00
Premium (Discount)	6,760,000.00
Target for yield calculation	406,760,000.00

FORM 8038 STATISTICS

COUNTY OF RIVERSIDE
2024-25 TAX AND REVENUE ANTICIPATION NOTE

Market conditions as of May 8, 2024

Preliminary, subject to change

Assuming Par Amount \$400MM

Dated Date 07/01/2024
Delivery Date 07/01/2024

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Tax and Revenue Anticipation Note:	06/30/2025	400,000,000.00	5.000%	101.690	406,760,000.00	400,000,000.00
		400,000,000.00			406,760,000.00	400,000,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	06/30/2025	5.000%	406,760,000.00	400,000,000.00		
Entire Issue			406,760,000.00	400,000,000.00	0.9972	3.2245%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	490,573.22
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00