



DEBT ADVISORY COMMITTEE

Thursday, September 12, 2024

9:00 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 May 16, 2024.....Executive Office
3. Review and Recommend Approval - County of Riverside FY 2024-25 Teeter Plan Obligation Notes, 2024 Series A..... Executive Office
4. Public Comment
5. Other Business
6. Meeting Adjourned to October 10, 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].

SPECIAL DEBT ADVISORY COMMITTEE MEETING

MEETING MINUTES

May 16, 2024, at 11:00 a.m.

Members Present:

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

Members Absent: None

Staff and Guests Present:

Tanya Harris	Auditor-Controller
Trina Head	Executive Office
Giovane Pizano	Treasurer-Tax Collector
John Byerly	Treasurer-Tax Collector
Anna Sarabian	Fieldman, Rolapp & Associates, Inc.

1. Call to Order and Self-Introductions

The Special Debt Advisory Committee meeting was called to order at 11:00 a.m. Those present made self-introductions.

2. Approval of the DAC Meeting Minutes for April 11, 2024.

MOTION: Ben Benoit moved to approve the DAC meeting minutes from April 11, 2024.

Minh Tran seconded.

The motion passed unanimously.

3. Review and Recommend Approval - County of Riverside FY 2024-25 Tax and Revenue Anticipation Notes

Don Kent, with the Executive Office, introduced the topic and turned the meeting over to Anna Sarabian, our financial advisor with Fieldman, Rolapp & Associates. Anna reviewed the Financing Fact Sheet and stated the maximum not-to-exceed amount is \$500 million. IRS tests were conducted to determine the amount not-to-exceed and the results were much higher than \$500 million. Final size is \$425 million. The cash flows were sent to Tax Counsel at Orrick where they review them every year. Orrick had some follow up questions and Don provided additional information. Orrick signed off this morning. We are looking to enter the market around June 6th and close on July 1st.

Don wanted to thank the Auditor-Controller's office, Tanya Harris and team for reviewing the cash flows and making sure we can proceed timely. We appreciate the efforts of the office.

MOTION: Matthew Jennings, with the Treasurer-Tax Collector office, moved to review and recommend the approval of the County of Riverside FY 2024-25 Tax and Revenue Anticipation Notes.

Ben Benoit seconded.

The motion passed unanimously.

4. Public Comment

None

5. Other Business

Anna Sarabian provided an update regarding the 05-8 Scott Road refunding for the Committee's consideration from the last DAC meeting. The lien was kept open with the refunding transaction. We achieved a great deal of savings, 10.26% on a net present value basis and \$1.56 million, with gross savings of \$2.3 million. Those savings will be available to fund future project improvements. This will be closing on June 6th. It was a successful refunding transaction.

6. Next Meeting(s)

The next regularly scheduled Debt Advisory Committee Meeting is on Thursday, June 13, 2024.

7. Adjourn

With no further business, Chairman Don Kent adjourned the Special Debt Advisory Committee Meeting at 11:12 a.m.

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



FROM: EXECUTIVE OFFICE

AGENDA DATE: September 12, 2024

SUBJECT: FY 2024-25 County of Riverside Teeter Plan Obligation Notes, 2024 Series A

RECOMMENDED MOTION: Review and recommend approval to the Board of Supervisors the issuance of the Teeter Plan Obligation Notes, 2024 Series A

BACKGROUND: The County of Riverside Teeter Plan Obligation Notes, 2024 Series A are part of an ongoing, annual financing program that has been in place since 1997. It is an open-ended program that continuously rolls over previously issued notes secured by unpaid property taxes (since it usually takes more than one year), for collection of delinquent accounts.

The annual Notes sizing is based upon the following: 1) delinquent property taxes collected in the prior year, which pays down the previous year's maturing notes (with the remaining note balance rolled into the current year's financing), 2) the amount needed to fund the current distribution of unpaid taxes, and, 3) cost of issuance. The program expands and contracts as tax delinquencies rise and fall due to economic conditions and with changes to the size of the overall tax roll. Given the senior lien position on tax delinquent properties and the relationship between the amount of unpaid taxes and property values, historically, the County collects a significant majority of all delinquent property taxes owed, in addition to penalties and interest.

Unlike most other County financings which bear a net cost, the Teeter program generates ongoing revenue for the General Fund by capturing the penalties and interest on the unpaid taxes upon collection. Those are paid at an annual rate in excess of 20% per annum (10% late penalty, plus 1½% per month of default), pursuant to California state law. After depositing the statutorily required balance in the Tax Losses Reserve Fund and paying the interest cost for the maturing Notes, the excess balance can be transferred to the General Fund as unrestricted discretionary revenue. For FY 2023-24 the transfer was \$20 million. For FY 2024-25, the budgeted amount is \$27.5 million.

The final sizing of the 2024 Notes par amount is expected to be approximately \$123 million, an increase of \$19.7 million from the current year 2023 Notes' par amount of \$103.3 million. They will be issued in fixed rate form in one tax-exempt series under the 1997 Master Resolution, with a maturity of one year. Interest will be paid on the maturity date of October 17, 2025.

The County's current year 2023 Notes (issued last October) were priced to a yield of 3.70%. The yield on the 2024 Teeter Notes is anticipated to be in the 2.85% to 3.15% range and is contingent upon actions of the Federal Open Market Committee (FOMC) at its September 18th meeting, and market conditions when the Notes are priced in October. To allow flexibility in selling the Notes should interest rate increases occur at the time of sale, the Resolution provides for a not to exceed amount of \$125 million in par and a true interest cost of 4.75%. The County's total issuance cost for the Notes is estimated at \$354,034, with underwriter's compensation of approximately \$64,034.

In connection with the issuance of the Notes, the FY 2024-25 Resolution appoints the law firm of Orrick, Herrington & Sutcliffe LLP as bond counsel to the County, Stradling Yocca Carlson & Rauth LLP as disclosure counsel for the Notes, Columbia Capital Management, LLC as municipal advisor, Fieldman, Rolapp & Associates, Inc. as Teeter program consultant, and, Loop Capital Markets as senior managing underwriter and Wells Fargo Securities as co-manager.

The Notes are expected to receive, and retain, the highest short-term ratings from Moody's (MIG1) and Fitch Ratings (F1+) and would be marketed and sold in early October with closing to occur by the third week of the month.



Don Kent
Chief Finance Officer

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 Teeter Plan Obligation Notes, 2024 Series A
Aggregate Principal Amount \$123,030,000 estimated
Type of Sale (check one)
Negotiated Sale X Competitive Sale _____ Private Placement _____
Estimated Issue Date October 17, 2024
Estimated Pricing Date Week of October 1, 2024
Final Maturity Date October 17, 2025
Projected Rating of the Securities:
Moody's MIG1 Standard & Poor's NA
Fitch F1+ Non Rated _____

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

Fund the 2024-25 Teeter distribution and refund unpaid portion of prior year notes

C. IDENTIFY PARTICIPATING DEVELOPERS:

N/A

D. PRINCIPAL PARTIES TO THE TRANSACTION (firm/representative/location/phone):

Bond Counsel: Orrick, Herrington, Sutcliffe LLP
Trustee of Fiscal Agent and/or
Registrar/Transfer/Paying Agent: BNY Mellon

Underwriter: Loop Capital Markets (senior manager) and Wells Fargo (co-manager)

Municipal/Financial Advisor: Columbia Capital Management LLC

Property Appraiser: N/A

Credit Enhancement Provider/Form
of Credit Enhancement: None

E. INITIATING COUNTY DEPARTMENT AND AMOUNT OF PROCESSING FEES RECEIVED: Executive Office - estimated at \$55,000

F. ADMINISTRATING COUNTY DEPARTMENT & SOURCE OF ADMINISTRATIVE FUNDS:
Executive Office – BNY Mellon/Cost of Issuance Fund

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

Variable rate interest _____
 Fixed rate interest X
 Serial Bonds _____
 Term Bonds _____
 Capital Appreciation Bonds _____
 Other _____

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

1st year of Amortization 2025
 Level debt service (yes/no) NA
 Escalating debt service (yes/no) NA
 Decreasing debt service (yes/no) NA
 Average annual debt service NA

H. CAPITALIZED COSTS:

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

I. CREDIT ENHANCEMENT:

Type of Credit Enhancement:

None

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

Capitalized Interest _____
 Property Taxes From the Teeter Tax Account
 General Fund Pledged, but not anticipated
 Special Assessments _____
 Tax Increment _____
 Special Taxes _____
 Enterprise Revenue _____
 Mortgage Payments _____
 IDB/pvt Party _____
 Other _____
 Describe any revenue coverage Notes are secured by unpaid property taxes

K. ATTACHMENTS:

1. None

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

TABLE OF CONTENTS

County of Riverside
Teeter Plan Obligation Notes 2024 Series A
Assumed Ratings: MIG 1 (Moody's) and F1+ (Fitch)
Rates as of 9/4/2024

<i>Report</i>	<i>Page</i>
Teeter Plan Obligation Notes 2024 Series A	
Sources and Uses of Funds	1
Bond Pricing	2
Bond Debt Service	3
Underwriter's Discount	4

SOURCES AND USES OF FUNDS

**County of Riverside
Teeter Plan Obligation Notes 2024 Series A
Assumed Ratings: MIG 1 (Moody's) and F1+ (Fitch)
Rates as of 9/4/2024**

Sources:

<hr/>	
Bond Proceeds:	
Par Amount	123,030,000.00
Net Premium	297,732.60
	123,327,732.60
Other Sources of Funds:	
Prior Yr. Tax Coll. (Teeter Tax Account)	40,459,825.61
Prior Year's Interest (Tax Loss RF)	4,004,037.50
	44,463,863.11
	167,791,595.71

Uses:

<hr/>	
Project Fund Deposits:	
Current Year Advance	60,099,258.98
Redeem 2023 Teeter Notes (P&I):	
Cash Deposit	107,334,037.50
Delivery Date Expenses:	
Cost of Issuance	290,000.00
Underwriter's Discount	64,033.79
	354,033.79
Other Uses of Funds:	
Additional Proceeds	4,265.44
	167,791,595.71

BOND PRICING

County of Riverside
Teeter Plan Obligation Notes 2024 Series A
Assumed Ratings: MIG 1 (Moody's) and F1+ (Fitch)
Rates as of 9/4/2024

<i>Bond Component</i>	<i>Maturity Date</i>	<i>Amount</i>	<i>Rate</i>	<i>Yield</i>	<i>Price</i>	<i>Premium (-Discount)</i>
Serials:	10/17/2025	123,030,000	3.200%	2.950%	100.242	297,732.60
		123,030,000				297,732.60

Dated Date	10/17/2024		
Delivery Date	10/17/2024		
First Coupon	10/17/2025		
Par Amount	123,030,000.00		
Premium	297,732.60		
Production	123,327,732.60	100.242000%	
Underwriter's Discount	-64,033.79	-0.052047%	
Purchase Price	123,263,698.81	100.189953%	
Accrued Interest			
Net Proceeds	123,263,698.81		

BOND DEBT SERVICE

County of Riverside
Teeter Plan Obligation Notes 2024 Series A
Assumed Ratings: MIG 1 (Moody's) and F1+ (Fitch)
Rates as of 9/4/2024

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
10/17/2025	123,030,000	3.200%	3,936,960	126,966,960	126,966,960
	123,030,000		3,936,960	126,966,960	126,966,960

UNDERWRITER'S DISCOUNT

**County of Riverside
Teeter Plan Obligation Notes 2024 Series A
Assumed Ratings: MIG 1 (Moody's) and F1+ (Fitch)
Rates as of 9/4/2024**

<i>Underwriter's Discount</i>	<i>\$/1000</i>	<i>Amount</i>
Underwriter's Takedown	0.30000	36,909.00
Underwriter's Counsel	0.16256	20,000.00
Ipreo Fees (no Gameday)	0.01798	2,211.80
Clearing Fee	0.00203	250.00
CUSIP Fee	0.00255	314.00
Day Loan Fee	0.02783	3,423.99
DTC Fee	0.00345	425.00
Continuing Disclosure (DAC Report)	0.00406	500.00
	0.52047	64,033.79