



DEBT ADVISORY COMMITTEE

Thursday, September 14, 2023

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 11, 2023.....Executive Office
3. Review and Recommend – FY 2023/24 County of Riverside Teeter Plan Obligation Notes 2023 Series A.....Executive Office
4. Public Comment
5. Other Business
6. Meeting Adjourned to October 12, 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 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].

DEBT ADVISORY COMMITTEE MEETING

MINUTES OF DAC MEETING

May 11, 2023 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
Minh Tran	County Counsel
Darrylenn Prudholme-Brockington	Flood Control and Water Conservation District
Amber Jacobson	Office of Economic Development
Tanya Harris	Auditor-Controller

Members Absent:

None

Staff and Guests Present:

Imelda Delos Santos	Executive Office
Jonathan Gutierrez	Executive Office
Mike Williams	Columbia Capital
Anna Sarabian	Fieldman, Rolapp & Associates
Tyler Old	JP Morgan (via Teams)
John Byerly	Treasurer-Tax Collector
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 the DAC Meeting Minutes for October 13, 2022.

MOTION: Ben Benoit moved to approve the DAC meeting minutes from October 13, 2022.

Minh Tran seconded this.

All were in favor. The motion passed unanimously.

3. Review and Recommend – County of Riverside FY 2023-24 TRAns

Chairman Don Kent, with the Executive Office, introduced item number three on the agenda, the FY 2023-24 Tax and Revenue Anticipation Notes. This item will be going before the Board of Supervisors for approval on May 23, 2023. This is an annual transaction and the purpose for it is to provide needed funds to cover the cash-flow deficits of the General Fund throughout the course of the fiscal year. The County's property tax revenue collection cycle with twice a year installments of December and in April, is the reason for the needed funds. Mr. Kent introduced Anna Sarabian with Fieldman, Rolapp and Associates to explain further.

Ms. Sarabian reported that this transaction has taken place annually for over 20 years and is necessary due to the timing of property tax revenue collections that do not match the County's on-going expenditure requirements. Every year an analysis is conducted as to whether it is beneficial for the County to issue TRAns and, again this year, the County is proceeding with this financing. The size is very modest at \$360 million in comparison to the size of the General Fund and is the same amount as last year.

The structure, whether a single maturity or several maturities, depends on the market and each year this is taken into consideration. This year it will be a single maturity which matures in June of 2024 and the TRAns will be paid in the same year. As in the last 9 years or so, there will be the 60/40 structure; 60% of debt service will be set aside in January, and 40% in May.

The senior managing underwriter is J.P. Morgan Securities LLC and the co-manager is Samuel A. Ramirez & Co., Inc. The two underwriting firms were selected through a RFP by the County and were awarded the contract. The issuance cost is estimated around \$350,000, assuming a \$360 million Note size, with underwriter's compensation of approximately \$123,318. The all-in true interest cost for the twelve-month tax-exempt note is estimated at approximately 3.31%.

After some discussions, the Auditor-Controller's office (ACO) has agreed to work on getting the cash-flow earlier this year to be able to get ahead of the upcoming Fed meeting in June, therefore, the County is in a position to price in early June. Our team appreciates the ACO's hard work and communications. Ms. Sarabian stated she is available to answer any questions and Tyler Old, with J.P. Morgan, is here if there any market related questions.

Mr. Kent shared that in prior years they entered the market in the second week of June and last year the rates increased 20 basis points. Thanks to collaboration with the ACO, this year it will be earlier in June. Ms. Sarabian added that the ratings on the TRANS will be from Fitch and Standard and Poor's (S&P), like in prior years. This afternoon we will have our first meeting with Fitch and on May 15 we will meet with S&P. Everything is lined up to have the ratings back before the Board meeting on May 23.

4. Review and recommend approval of the County of Riverside FY 2023-24 TRANS.

MOTION: Ben Benoit moved to approve the recommendation of the County of Riverside FY 2023-24 TRANS.

Don Kent seconded this.

All were in favor. The motion passed unanimously.

5. Public Comment

None

6. Other Business

None

7. Next Meeting

The next regularly scheduled Debt Advisory Committee Meeting is scheduled for Thursday, June 8, 2023, or as needed.

8. Adjourn

With no further business, Chairman Don Kent, adjourned the Debt Advisory Committee Meeting at 9:13 a.m.

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



FROM: EXECUTIVE OFFICE

AGENDA DATE: September 14, 2023

SUBJECT: FY 2023-24 County of Riverside Teeter Plan Obligation Notes, 2023 Series A

RECOMMENDED MOTION: Review and recommend approval to the Board of Supervisors the issuance of the Teeter Plan Obligation Notes, 2023 Series A

BACKGROUND: The County of Riverside Teeter Plan Obligation Notes, 2023 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 advance 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 2022-23 the transfer was \$16.5 million. For FY 2023-24, the budgeted amount is \$20 million.

The program size peaked at \$267 million in 2008 and has generally been on a downward trend, with some exceptions. The final sizing of the 2023 Notes par amount is expected to be approximately \$103.2 million, an increase of \$19.1 million from the current year 2022 Notes' par amount of \$84.1 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 18, 2024.

The County's all-in true interest cost of the current year 2022 Notes (issued last October) was 3.69%. The yield on the 2023 Teeter Notes is anticipated to be in the 3.25% to 3.75% range, and is contingent upon actions of the FOMC at its September 20th 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 \$105 million in par and a true interest cost of 4.75%. The County's issuance cost for the Notes is estimated at \$289,575, with underwriter's compensation of approximately \$56,542.

In connection with the issuance of the Notes, the FY 2023-24 Resolution appoints the law firm of Orrick, Herrington & Sutcliffe LLP as bond counsel to the County, Stradling Yocca Carlson & Rauth as disclosure counsel for the notes, Columbia Capital Management, LLC as municipal advisor, Fieldman, Rolapp & Associates, Inc. as Teeter program consultant, and, Bank of America Securities, Inc. as senior managing underwriter and Loop Capital Markets 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
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 Teeter Plan Obligation Notes, 2023 Series A

Aggregate Principal Amount \$103,160,000 estimated

Type of Sale (check one)

Negotiated Sale Competitive Sale Private Placement

Estimated Issue Date October 18, 2023

Estimated Pricing Date Week of October 2nd, 2023

Final Maturity Date October 18, 2024

Projected Rating of the Securities:

Moody's MIG1 Fitch F1+ Standard & Poor's N/A

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

Fund the 2023-24 Teeter advance and refund unpaid prior year notes

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: BNY Mellon

Underwriter(s): Bank of America Securities, Inc. (senior manager); Loop Capital Markets (co-manager)

Municipal/Financial Advisor: Columbia Capital Management LLC Inc.

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 \$50,000

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 2024
 Level debt service (yes/no) N/A
 Escalating debt service (yes/no) N/A
 Decreasing debt service (yes/no) N/A
 Average annual debt service N/A

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

K. ATTACHMENTS:

1. Estimated Sources and Uses of Funds

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

SOURCES AND USES OF FUNDS

Teeter Plan Obligation Note Teeter Plan Obligation Notes, 2023 Series A *Estimated Coupon and Yield as of 9/1/2023*

Sources:

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Bond Proceeds:	
Par Amount	103,170,000.00
Premium	329,112.30
	103,499,112.30
Other Sources of Funds:	
Secured Delinquent Taxes	26,974,376.00
Tax Loss Reserve (2022 Note Interest)	3,110,035.00
	30,084,411.00
	133,583,523.30

Uses:

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Project Fund Deposits:	
2022 Teeter Principal Due	84,055,000.00
2022 Teeter Interest Due	3,110,035.00
Current Year Advance	46,070,085.19
	133,235,120.19
Delivery Date Expenses:	
Cost of Issuance	289,575.00
Underwriter's Discount	56,541.95
	346,116.95
Other Uses of Funds:	
Additional Proceeds	2,286.16
	133,583,523.30

BOND SUMMARY STATISTICS

Teeter Plan Obligation Note Teeter Plan Obligation Notes, 2023 Series A *Estimated Coupon and Yield as of 9/1/2023*

Dated Date	10/18/2023
Delivery Date	10/18/2023
Last Maturity	10/18/2024
Arbitrage Yield	3.391337%
True Interest Cost (TIC)	3.446916%
Net Interest Cost (NIC)	3.485805%
All-In TIC	3.732278%
Average Coupon	3.750000%
Average Life (years)	1.000
Duration of Issue (years)	1.000
Par Amount	103,170,000.00
Bond Proceeds	103,499,112.30
Total Interest	3,868,875.00
Net Interest	3,596,304.65
Total Debt Service	107,038,875.00
Maximum Annual Debt Service	107,038,875.00
Average Annual Debt Service	107,038,875.00
Underwriter's Fees (per \$1000)	
Average Takedown	0.300000
Other Fee	0.248046
Total Underwriter's Discount	0.548046
Bid Price	100.264195

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>
Note Maturity	103,170,000.00	100.319	3.750%	1.000
	103,170,000.00			1.000

	TIC	All-In TIC	Arbitrage Yield
Par Value	103,170,000.00	103,170,000.00	103,170,000.00
+ Accrued Interest			
+ Premium (Discount)	329,112.30	329,112.30	329,112.30
- Underwriter's Discount	-56,541.95	-56,541.95	
- Cost of Issuance Expense		-289,575.00	
- Other Amounts			
Target Value	103,442,570.35	103,152,995.35	103,499,112.30
Target Date	10/18/2023	10/18/2023	10/18/2023
Yield	3.446916%	3.732278%	3.391337%

BOND PRICING

Teeter Plan Obligation Note Teeter Plan Obligation Notes, 2023 Series A *Estimated Coupon and Yield as of 9/1/2023*

<i>Bond Component</i>	<i>Maturity Date</i>	<i>Amount</i>	<i>Rate</i>	<i>Yield</i>	<i>Price</i>	<i>Premium (-Discount)</i>
Note Maturity:	10/18/2024	103,170,000	3.750%	3.420%	100.319	329,112.30
		103,170,000				329,112.30

Dated Date	10/18/2023		
Delivery Date	10/18/2023		
First Coupon	10/18/2024		
Par Amount	103,170,000.00		
Premium	329,112.30		
Production	103,499,112.30	100.319000%	
Underwriter's Discount	-56,541.95	-0.054805%	
Purchase Price	103,442,570.35	100.264195%	
Accrued Interest			
Net Proceeds	103,442,570.35		

BOND DEBT SERVICE

**Teeter Plan Obligation Note
 Teeter Plan Obligation Notes, 2023 Series A
 *Estimated Coupon and Yield as of 9/1/2023***

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
10/18/2024	103,170,000	3.750%	3,868,875	107,038,875	107,038,875
	103,170,000		3,868,875	107,038,875	107,038,875

COST OF ISSUANCE

**Teeter Plan Obligation Note
Teeter Plan Obligation Notes, 2023 Series A
*Estimated Coupon and Yield as of 9/1/2023***

<i>Cost of Issuance</i>	<i>\$/1000</i>	<i>Amount</i>
Bond Counsel	0.55733	57,500.00
Disclosure Counsel	0.37317	38,500.00
Fitch Rating	0.13570	14,000.00
Moody's Rating	0.22293	23,000.00
Financial Advisor	0.58156	60,000.00
Printing	0.02908	3,000.00
Trustee	0.01696	1,750.00
Trustee Counsel	0.01454	1,500.00
County Administrative Cost	0.48464	50,000.00
County Counsel Fee	0.09693	10,000.00
Teeter Program Consultan	0.24232	25,000.00
Cal Muni	0.00315	325.00
Contingency	0.04846	5,000.00
	2.80678	289,575.00

UNDERWRITER'S DISCOUNT

**Teeter Plan Obligation Note
Teeter Plan Obligation Notes, 2023 Series A
*Estimated Coupon and Yield as of 9/1/2023***

<i>Underwriter's Discount</i>	<i>\$/1000</i>	<i>Amount</i>
Average Takedown	0.30000	30,951.00
Underwriters' Counsel	0.19385	20,000.00
Out-of-Pocket	0.00485	500.00
CUSIP Fee	0.00296	305.00
Continuing Disclosure	0.00800	825.00
Dalcomp	0.03500	3,610.95
DTC	0.00339	350.00
	0.54805	56,541.95