



# County of Riverside

## Debt Advisory Committee (DAC)

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**Zoom Meeting**  
**Thursday, September 8, 2022**  
**9:00 a.m.**

### **IMPORTANT NOTICE REGARDING DAC MEETING**

This meeting is being conducted utilizing teleconferencing and electronic means. This is consistent with State of California Executive Order N-29-20 dated March 17, 2020, regarding the COVID-19 pandemic.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Kathleen Ponce at (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].

Submission of Public Comments: For those who wish to make public comments at this meeting, please submit your comments by email to Kathleen Ponce at [kmponce@rivco.org](mailto:kmponce@rivco.org) prior to 8:00 a.m. on September 8. All email comments shall be subject to the same rules as would otherwise govern speaker comments at the meetings. All email comments shall not exceed three (3) minutes and will be read out loud at the meeting and become part of the record of the meeting.

### **AGENDA**

1. Call to Order and Self-Introductions
2. Approval of Resolution No. 2022-003 a Resolution of the Debt Advisory Committee authorizing remote teleconference meetings of the legislative bodies of the Debt Advisory Committee for the period of September 8, 2022 to October 7, 2022 pursuant to the Ralph M. Brown Act
3. Approval of the May 12, 2022 DAC Meeting Minutes
4. FY 2022-23 County of Riverside Teeter Plan Obligation Notes, Series A
5. Public Comment on any item not on the agenda
6. Other Business
7. Next Meeting September 22, 2022
8. Adjourn



1 not rescind the proclaimed state of emergency; and,

2       **WHEREAS**, on June 11, 2021, Governor Newsom also issued Executive Order N-08-21, which set  
3 expiration dates for certain paragraphs of the State of Emergency Proclamation dated March 4, 2020 and  
4 other Executive Orders but did not rescind the proclaimed state of emergency; and,

5       **WHEREAS**, as of the date of this Resolution, neither the Governor nor the state Legislature have  
6 exercised their respective powers pursuant to Government Code section 8629 to lift the state of emergency  
7 either by proclamation or by concurrent resolution the state Legislature; and,

8       **WHEREAS**, the California Department of Industrial Relations has issued regulations related to  
9 COVID-19 Prevention for employees and places of employment. Title 8 of the California Code of  
10 Regulations, Section 3205(5)(D) specifically recommends physical (social) distancing as one of the  
11 measures to decrease the spread of COVID-19 based on the fact that particles containing the virus can travel  
12 more than six feet, especially indoors; and,

13       **WHEREAS**, the Debt Advisory Committee finds that state or local officials have imposed or  
14 recommended measures to promote social distancing, based on the California Department of Industrial  
15 Relations' issuance of regulations related to COVID-19 Prevention through Title 8 of the California Code  
16 of Regulations, Section 3205(5)(D); and,

17       **WHEREAS**, as a consequence, the Debt Advisory Committee does hereby find that it and its  
18 legislative bodies shall conduct their meetings by teleconferencing without compliance with Government  
19 Code section 54953 (b)(3), pursuant to Section 54953(e), and that such legislative bodies shall comply with  
20 the requirements to provide the public with access to the meetings as prescribed by Government Code  
21 section 54953(e)(2).

22       **NOW, THEREFORE, BE IT RESOLVED, FOUND AND ORDERED** by the Debt Advisory  
23 Committee in regular session assembled on September 8, 2022 does hereby resolve as follows:

24       Section 1. Recitals. All of the above recitals are true and correct and are incorporated into this  
25 Resolution by this reference.

26       Section 2. State or Local Officials Have Imposed or Recommended Measures to Promote Social  
27 Distancing. The Debt Advisory Committee hereby proclaims that state officials have imposed or  
28 recommended measures to promote social (physical) distancing based on the California Department of

1 Industrial Relations' issuance of regulations related to COVID-19 Prevention through Title 8 of the  
2 California Code of Regulations, Section 3205(5)(D).

3 Section 3. Remote Teleconference Meetings. The Debt Advisory Committee and any of its  
4 legislative bodies are hereby authorized and directed to take all actions necessary to carry out the intent and  
5 purpose of this Resolution including, conducting open and public meetings in accordance with Government  
6 Code section 54953(e) and other applicable provisions of the Brown Act.

7 Section 4. Effective Date. This Resolution shall take effect immediately upon its adoption and  
8 shall be effective until the earlier of (i) October 7, 2022, or (ii) such time the Debt Advisory Committee  
9 adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time  
10 during which its legislative bodies may continue to teleconference without compliance with Section  
11 54953(b)(3).

12 ADOPTED this 8th day of September, 2022 by the Debt Advisory Committee, by the following  
13 vote:

14  
15 YES:

16 NO:

17 ABSENT:

18 ABSTAIN:  
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# DEBT ADVISORY COMMITTEE MEETING

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## MINUTES OF VIRTUAL ZOOM MEETING

May 12, 2022 at 9:00 a.m.

**Members Present:**

Don Kent	County Executive Office (Chair)
Jarvyk Punzalan	Community Facilities District/Assessment District
Matthew Jennings	Treasurer-Tax Collector
Synthia Gunzel	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
Giovane Pizano	Treasurer-Tax Collector
Isela Licea	Treasurer-Tax Collector
Steve Faeth	Treasurer-Tax Collector
John Byerly	Treasurer-Tax Collector
Esteban Hernandez	Auditor-Controller
Mike Williams	Columbia Capital
Anna Sarabian	Fieldman, Rolapp & Associates
Tyler Old	JP Morgan
Juan Fernandez	JP Morgan
Jack Tsang	Bank of America
Katie Ponce	Executive Office

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**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. 2022-002 a Resolution of the Debt Advisory Committee authorizing remote teleconference meetings of the legislative bodies of the Debt Advisory Committee for the period of May 12, 2022 to June 11, 2022 pursuant to the Ralph M. Brown Act.**

**MOTION:** Don Kent moved to approve Resolution No. 2022-002 to authorize remote teleconference meetings.

Synthia Gunzel seconded this.

All were in favor. The motion passed unanimously.

**3. Approval of the DAC Meeting Minutes for March 10, 2022.**

**MOTION:** Synthia Gunzel moved to approve the DAC meeting minutes from March 10, 2022.

Tanya Harris seconded this.

All were in favor. The motion passed unanimously.

**4. FY 22/23 County of Riverside Tax and Revenue Anticipation Notes (TRANS)**

Chairman Don Kent, with the Executive Office, introduced the next item on the agenda; the FY 22/23 County of Riverside Tax and Revenue Anticipation Notes otherwise known as TRANS. He also introduced Anna Sarabian, with Fieldman, Rolapp & Associates, to speak further on the transaction.

Ms. Sarabian stated that this transaction provides the County the ability to cover its on-going expenditure requirements and provides the option to prepay the annual unfunded liability portion of its CalPERS pension obligations.

Staff will continue to evaluate the cash-flow benefit of the prepayment up to the pricing of the TRANS. If, at that time of the pricing, there are insufficient savings, the prepayment portion will be removed. The County's issuance cost for the TRANS will be approximately \$330,000 assuming a \$360 million issuance. Based on current market conditions, the all-in true interest cost for the twelve-month note is estimated at approximately 2.3%. Due to the current volatility in the financial markets, rates may be higher at the time of the sale.

Tyler Old, with JP Morgan, explained that the FY 22/23 resolution authorizes the issuance of an aggregate amount not-to-exceed \$450 million. The large authorization provides flexibility in the event the County and/or State Budgets change substantially. The resolution also allows for the

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issuance of an additional parity note later in FY 22/23, essentially providing for the possibility of having two series with staggered maturities inside of twelve months.

**MOTION: Don Kent moved to approve the FY 22/23 County of Riverside Tax and Revenue Anticipation Notes (TRANS)**

**Tanya Harris seconded.**

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

**5. Public Comment**

None

**6. Other Business**

Chair Kent mentioned that an updated Debt Management Policy B-24 will be submitted to the Committee in the near future for review.

**7. Next Meeting**

The next regularly scheduled Debt Advisory Committee Meeting is scheduled for Thursday, June 9, 2022, or as needed.

**8. Adjourn**

With no further business, Chairman Don Kent, adjourned the Debt Advisory Committee Meeting at 9:18 a.m.

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



**FROM:** EXECUTIVE OFFICE

**AGENDA DATE:** September 8, 2022

**SUBJECT:** FY 2022-23 County of Riverside Teeter Plan Obligation Notes, 2022 Series A

**RECOMMENDED MOTION:** Review and recommend approval to the Board of Supervisors the issuance of the Teeter Plan Obligation Notes, 2022 Series A

**BACKGROUND:** The County of Riverside Teeter Plan Obligation Notes, 2022 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 County's senior lien position on the tax delinquent property, and the fact that the County ultimately collects about 99% of the amounts owed, there is little risk to the program and note repayment from that source.

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 calculating the statutorily required balance in the Tax Losses Reserve Fund and paying the interest cost for the maturing Notes, the excess balance is transferred to the General Fund as unrestricted discretionary revenue. For FY 2021-22 the transfer was \$27 million. For FY 2022-23, the budgeted amount is \$20 million.

The program size peaked at \$267 million in 2008 and has been on a downward trend (with the exception of FY 2019-20 (\$84.1 million) and FY 2020-21 (\$99.57 million). With receipt of the formal Teeter Funding Request letter from the County Auditor-Controller's office, the final sizing of the 2022 Notes par amount is expected to be approximately \$84.1 million, a decrease of \$3.3 million from the current year 2021 Notes par amount of \$87.4 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 19, 2023.

The County's all-in true interest cost to finance the current year 2021 Notes (issued last October) was 0.53%, while the County's FY 2022-23 TRANs (issued in June) was 2.26%, considerably higher due to factors which include the U.S. Federal Reserve increasing short-term interest rates to combat forty-year high inflation levels.

The yield on the 2022 Teeter Notes is anticipated to be in the 2.35% to 2.75% range, higher than this year's TRANs due to the general level of interest rates that continue to increase since the June issuance, and due to market conditions at the time of sale. The County's issuance cost for the Notes will be approximately \$295,000.

The FY 2022-23 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, Wells Fargo as senior managing underwriter and Bank of America Securities, Inc. 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.

*Imelda Delos Santos*

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Imelda Delos Santos  
Principal Management Analyst

## 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 Obligation Tax-Exempt Notes, 2022 Series A  
Aggregate Principal Amount \$84,100,000 estimated  
Type of Sale (check one)  
Negotiated Sale X Competitive Sale \_\_\_\_\_ Private Placement \_\_\_\_\_  
Estimated Issue Date October 19, 2022  
Estimated Pricing Date Week of October 3rd, 2022  
Final Maturity Date October 19, 2023  
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 2022-23 Teeter advance and refund unpaid 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: Wells Fargo and Bank of America Securities, Inc.

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/cost recovery estimated at \$50,000

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

Executive Office/Tax Loss Reserve 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   2023    
 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>	<u>  NA  </u>	<u>  NA  </u>
Capitalized Interest	_____	_____	_____
Contingencies	_____	_____	_____
Other Capitalized Accts.	_____	_____	_____

**I. CREDIT ENHANCEMENT:**

**Type of Credit Enhancement:**

**None**

**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. None

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

The FY 2022-23 Teeter Plan Obligation Notes, 2022 Series A are part of an ongoing financing program that has been in place since 1997; it began as a commercial paper program that transitioned in 2012 to the one-year fixed rate notes being currently being utilized.

The program size peaked at \$267 million in 2008 and has been on a downward trend (with the exception of FY 2019-20 (\$84.1 million) and FY 2020-21 (\$99.57 million). The 2022 Notes par amount is expected to be approximately \$84.1 million, a decrease of \$3.3 million from the current year 2021 Notes par amount of \$87.4 million.

**\$84,100,000**

County of Riverside

Teeter Plan Obligation Notes, 2022 Series A

Estimated Sources and Uses for DAC Submission (8.30.22)

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**\$84,100,000**

County of Riverside

Teeter Plan Obligation Notes, 2022 Series A

Estimated Sources and Uses for DAC Submission (8.30.22)

## Sources & Uses

Dated 10/19/2022 | Delivered 10/19/2022

### Sources Of Funds

Par Amount of Bonds	\$84,100,000.00
Reoffering Premium	286,781.00
Tax Loss Reserve Fund (Prior Note Interest)	437,050.00
Teeter Tax Account (Secured Delinquent Taxes)	35,692,318.40

**Total Sources** **\$120,516,149.40**

### Uses Of Funds

Total Underwriter's Discount (0.062%)	52,243.70
Costs of Issuance	295,000.00
Current Year Advance	32,320,668.52
Defease Series 2021A Notes	87,847,050.00
Rounding Amount	1,187.18

**Total Uses** **\$120,516,149.40**

**\$84,100,000**

County of Riverside

Teeter Plan Obligation Notes, 2022 Series A

Estimated Sources and Uses for DAC Submission (8.30.22)

## Pricing Summary

<b>Maturity</b>	<b>Type of Bond</b>	<b>Coupon</b>	<b>Yield</b>	<b>Maturity Value</b>	<b>Price</b>	<b>Dollar Price</b>
10/19/2023	Serial Note	2.750%	2.400%	84,100,000.00	100.341%	84,386,781.00
<b>Total</b>	-	-	-	<b>\$84,100,000.00</b>	-	<b>\$84,386,781.00</b>

### Bid Information

Par Amount of Bonds	\$84,100,000.00
Reoffering Premium or (Discount)	286,781.00
Gross Production	\$84,386,781.00
Total Underwriter's Discount (0.062%)	\$(52,243.70)
Bid (100.279%)	84,334,537.30
Total Purchase Price	\$84,334,537.30
Bond Year Dollars	\$84,100.00
Average Life	1.000 Years
Average Coupon	2.7500000%
Net Interest Cost (NIC)	2.4711209%
True Interest Cost (TIC)	2.4492516%

**\$84,100,000**

County of Riverside

Teeter Plan Obligation Notes, 2022 Series A

Estimated Sources and Uses for DAC Submission (8.30.22)

## Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/19/2022	-	-	-	-
10/19/2023	84,100,000.00	2.750%	2,312,750.00	86,412,750.00
<b>Total</b>	<b>\$84,100,000.00</b>	<b>-</b>	<b>\$2,312,750.00</b>	<b>\$86,412,750.00</b>

### Yield Statistics

Bond Year Dollars	\$84,100.00
Average Life	1.000 Years
Average Coupon	2.7500000%
Net Interest Cost (NIC)	2.4711209%
True Interest Cost (TIC)	2.4492516%
Bond Yield for Arbitrage Purposes	2.3865739%
All Inclusive Cost (AIC)	2.8042643%

### IRS Form 8038

Net Interest Cost	2.4008132%
Weighted Average Maturity	1.000 Years

**\$84,100,000**

County of Riverside

Teeter Plan Obligation Notes, 2022 Series A

Estimated Sources and Uses for DAC Submission (8.30.22)

## Derivation Of Form 8038 Yield Statistics

<b>Maturity</b>	<b>Issuance Value</b>	<b>Price</b>	<b>Issuance PRICE</b>	<b>Exponent</b>	<b>Bond Years</b>
10/19/2022	-	-	-	-	-
10/19/2023	84,100,000.00	100.341%	84,386,781.00	1.0000000x	84,386,781.00
<b>Total</b>	<b>\$84,100,000.00</b>	-	<b>\$84,386,781.00</b>	-	<b>\$84,386,781.00</b>

### IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	1.000 Years
Total Interest from Debt Service	2,312,750.00
Reoffering (Premium) or Discount	(286,781.00)
Total Interest	2,025,969.00
NIC = Interest / (Issue Price * Average Maturity)	2.4008132%
Bond Yield for Arbitrage Purposes	2.3865739%