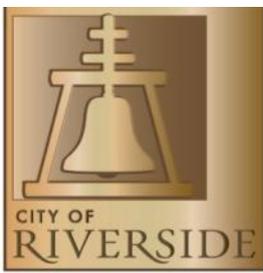


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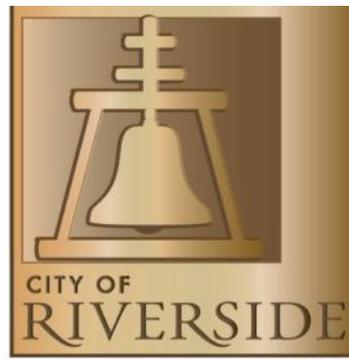
Financial Matters Raised in Public Comments



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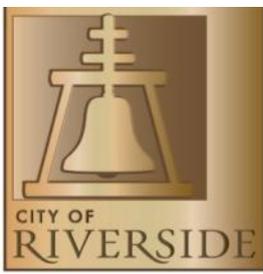
Topics To Be Covered

- **“Collateral” Assets for General Fund debt**
- **Hyatt Place Hotel loan transaction**
- **2009 sewer revenue bonds**
- **Renaissance debt and utilities rates**
- **Successor Agency enforceable obligations**
- **Successor Agency interagency loans**



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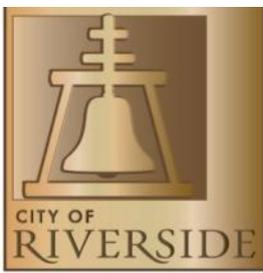
“Collateral” Assets for General Fund Debt



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“Collateral” Assets for General Fund Debt

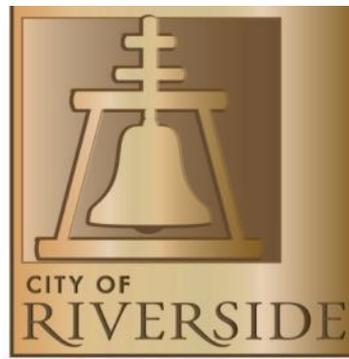
- **Certificates of Participation are the primary means of financing capital projects by cities throughout California (non-enterprise activities)**
- **They are a legal form of issuing debt and consistent with the California Constitution**
- **Examples of facilities the City currently has pledged include: 9 fire stations; 3 parking structures; 4 libraries and City Hall**



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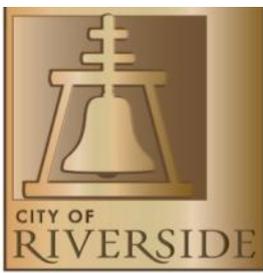
“Collateral” Assets for General Fund Debt

- **Assets securing COP transactions cannot be foreclosed upon as with mortgage-type debt; protected by the California Constitution**
- **Trustee/bondholders only have a right to use the facility for the term of the debt and then it returns to the City**
- **The “essentiality” of the facilities makes the City highly motivated to ensure debt payments are made**



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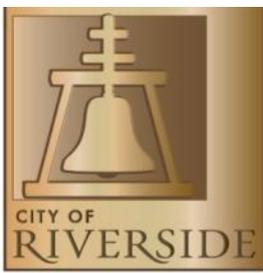
Hyatt Place Hotel Loan Transaction



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2010 COPs Issued for Hyatt Place Hotel

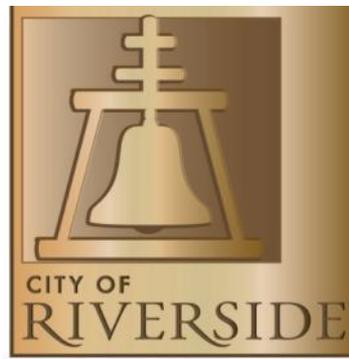
- **Hyatt Place Hotel transaction is very complex but assembled with multiple safeguards to protect the City's interests**
- **City issued COPs (a General Fund debt) and loaned the proceeds to the RDA who in turn loaned them to the developer**
- **2 fire stations and 2 libraries serve as the collateral for the COPs**
- **The Hotel owner is obligated to make debt service payments to the RDA who then repays the City, who makes the debt service payments on the COPs**



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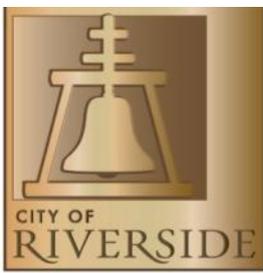
2010 COPs Issued for Hyatt Place Hotel

- **Hotel serves as collateral for the RDA loan to the developer (Hotel cannot be collateral for the COPs because the City does not own it)**
- **Developer put up \$1.5 Million in cash as security that the debt service is paid in addition to the \$1.4 Million reserve from the bond proceeds**
- **RDA tax increment further protects the City's position – Loan Agreement between the City and the RDA has already been deemed an enforceable obligation by the DOF**



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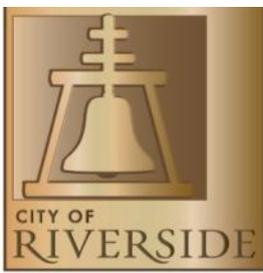
2009 Sewer Revenue Bonds



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Use of 2009 Sewer Revenue Bond Funds

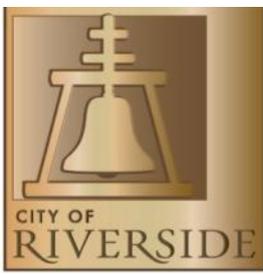
- **Issued in 2009 as:**
 - **Series A – Tax-Exempt Bonds**
 - **Series B – Build America Bonds**
- **Issued to fund first 3 years of the Sewer CIP, including reimbursement of \$15 Million of expenditures incurred prior to issuance – Reimbursement Resolution adopted February 2009**
- **Expenditures incurred prior to issuance are only eligible to be reimbursed from Series A, tax-exempt issue – as provided by law**



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Use of 2009 Sewer Revenue Bond Funds

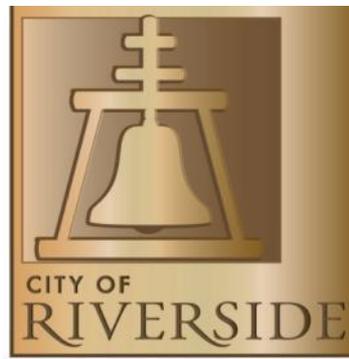
- **Bond proceeds were NOT used to make interagency loans**
- **Interagency loans are legal – authorized by the City Charter and pay the same rate of interest the loaning fund would have received from the investment pool**
- **Interagency loans transferred back to Sewer Fund after bond issuance used cash on hand generated from rate revenue**



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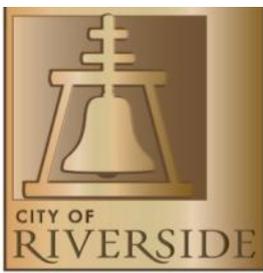
Use of 2009 Sewer Revenue Bond Funds

- **List of projects funded from bond proceeds has been raised as a concern**
- **Project list has been reviewed by BB&K prior to issuance**
- **Concern is that the City is reimbursing “old” projects with 2009 bond proceeds – that is NOT happening**
- **Regardless of when a project started, the current capital expenditures are eligible for reimbursement from either series of bonds**
- **Verified by tax counsel at BB&K**



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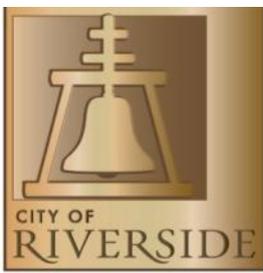
Renaissance Debt and Utilities Rates



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Renaissance Debt Funded from Existing Rates / Funds

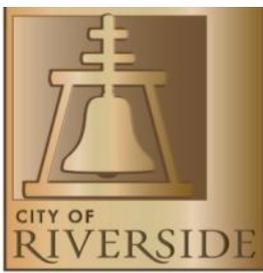
- **Riverside Renaissance included enterprise fund capital improvements to address decades of deferred maintenance and improvements**
- **\$589 Million of utility bonds issued to fund Renaissance projects:**
 - **Sewer**
 - **Water**
 - **Electric**



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Renaissance Debt Funded from Existing Rates / Funds

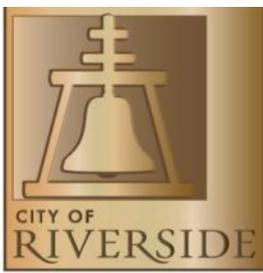
- **Issuing debt for enterprise funds is routine**
- **Volume of debt issuances increased during Renaissance**
- **All Renaissance debt service is funded from existing, approved rate increases**
- **An electric rate freeze is in effect through December 31, 2012 and proposed to extend through January 31, 2014**



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Sewer Rates and Projects

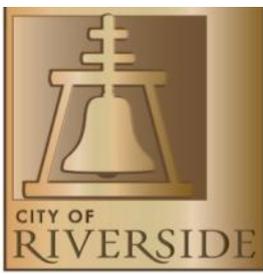
- **Integrated Master Plan for Wastewater Collection & Treatment Facilities – completion in 2008**
 - **Evaluated condition of existing infrastructure & identified necessary improvements**
 - **Rate study recommended new rate structure to support existing & future sewage flows, replace aging infrastructure, and address federal & state regulatory requirements**



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Sewer Rates and Projects

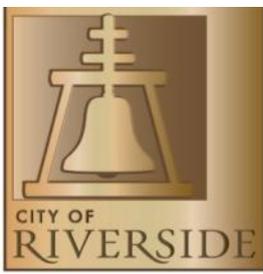
- **Sewer Rates**
 - **New rate structure enacted on July 1, 2009 & scheduled to increase gradually over 5 years**
 - **Sewer rates had not increased since January 1, 1993**
 - **Sewer rates for single family residences will increase by \$3 on July 1, 2012 & an additional \$2 on July 1, 2013**



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Electric and Water Rates and Projects

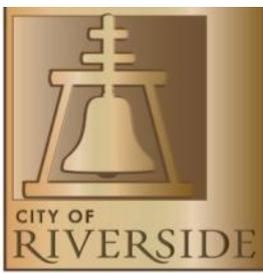
- **S.A.F.E. Water Plan and Electric Utility Rate Plan**
 - **Evaluated condition of existing infrastructure & identified necessary improvements**
 - **Rate study recommended new rate structure to support existing & future needs, replace aging infrastructure, and address federal & state regulatory requirements**



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Water Rates

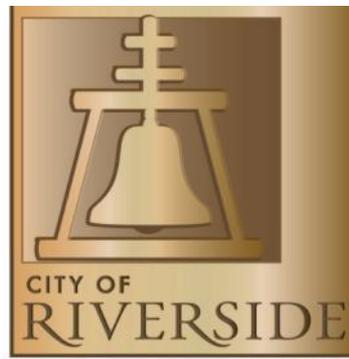
- **New rate structure enacted on March 28, 2006 and increased gradually over 5 years**
- **Funded aging infrastructure replacement program and new water supply:**
 - **Evans Reservoir**
 - **Whitegates Reservoirs and Booster Stations**
 - **John W. North Water Treatment Plant**
 - **Pipeline Replacement Program**



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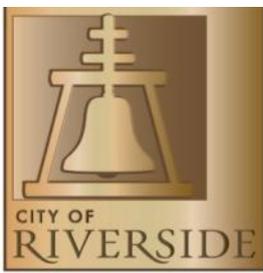
Electric Rates

- **New rate structure enacted on December 4, 2007 and increased gradually over 3 years**
- **Funded aging infrastructure replacement, expiring power purchase contracts, and new internal generation and reliability projects:**
 - **Cable Replacement Program**
 - **Overhead to Underground Conversion**
 - **RERC Units 3 and 4**
 - **Riverside Transmission Reliability Project**



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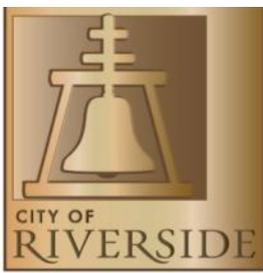
Successor Agency Enforceable Obligations



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Redevelopment Update – Enforceable Obligations

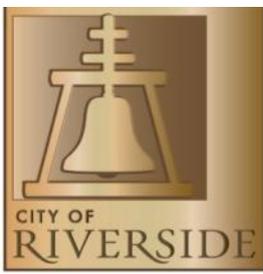
- **May 26, 2012 – State Department of Finance (DOF) issued 2nd letter validating \$26 million as enforceable obligations that were previously questioned**
- **\$19.7 Million in construction contracts upheld**
 - **Downtown Fire Station (\$7 Million)**
 - **Municipal Auditorium Rehab (\$8 Million)**
 - **Doty Trust Park (\$2.5 Million)**
 - **Corporation Yard Renovation (\$2.2 Million)**



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Redevelopment Update — Enforceable Obligations

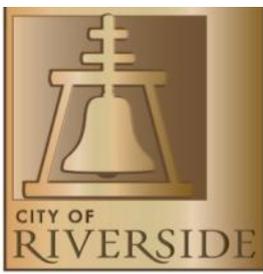
- **Long term financings for public parking upheld**
 - **Galleria at Tyler (\$1.6 Million)**
 - **University Village (\$3.5 Million)**
- **Graffiti Abatement and Code Enforcement through February 1, 2012 upheld (\$1.2 Million)**
- **Two interagency loans (\$6.9 Million) were transferred with property that was approved by the Oversight Board for conveyance to the Housing Authority and the City**



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Redevelopment Update — Enforceable Obligations

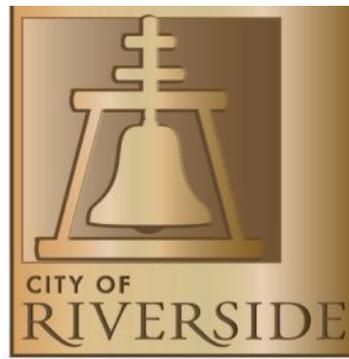
- **July to December 2012 Recognized Obligation Payment Schedule (ROPS)**
- **DOF approved the full distribution requested from the Redevelopment Property Tax Trust Fund (\$17.6 Million)**
- **DOF changed its interpretation of the administrative allowance, reducing it from 5% to 3% of \$17.6 Million**
- **Six month allowance reduced by \$353,036 (from \$882,590 to \$529,554)**



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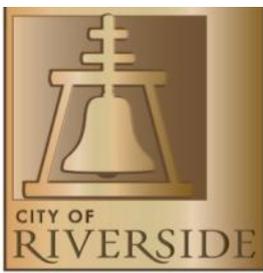
Redevelopment Update — Enforceable Obligations

- **Items remaining to be resolved**
 - **Housing Line of Credit (\$1.2 Million)**
 - **Interagency Loans (\$10.8 Million)**
 - **City Reimbursement Agreements (\$8.5 Million)**
- **Planned bond funded projects**
 - **Arlington Park Childcare**
 - **Villegas Park Rehabilitation**
 - **Magnolia Dispatch Center**
 - **Collett Avenue Extension**
 - **Gould & Gramercy Street Improvements**
 - **Camp Anza Officers Club Renovation**



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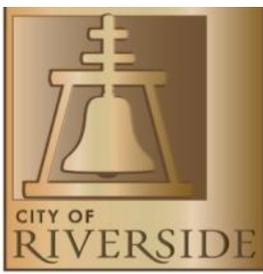
Successor Agency Interagency Loans



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Cash Pool Loans to the RDA and AB X1 26

- **Loans made prior to AB X1 26 and dissolution**
- **Several loans paid in compliance with EOPS**
- **Several loans transferred to Housing Authority or City by the Oversight Board**
- **Remaining loans viewed as valid by the City**
- **Legislation pending to address these issues**



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Cash Pool Loans to the RDA and AB X1 26

- **Loans totaling \$15,268,696 remain outstanding**

	Outstanding Balance	Lending Fund	Date of Loan
Olivewood Property Assembly	\$ 4,250,554	Sewer Fund	May 1, 2007
Municipal Auditorium Renovations	318,485	Multiple Funds	March 11, 2008
3615 – 3653 Main Street Acquisition	4,039,452	Multiple Funds	July 14, 2009
3225 Market Street Acquisition	1,102,705	Multiple Funds	August 24, 2010
Reid Park Acquisition	720,000	Electric Fund	March 1, 2011
Riverside Golf Course Acquisition	4,837,500	Electric Fund	March 1, 2011

- **The worst case scenario is that the loans and properties will be transferred to the General Fund and any deficit between property values and loan balances will be amortized**