DESIGNATED LOCAL AUTHORITY
RIVERBANK CITY HALL NORTH
CITY HALL SOUTH CONFERENCE ROOM
6617 THIRD STREET
RIVERBANK CA 95367-2305

AGENDA
TUESDAY, JUNE 11, 2013 – 10:00AM

CALL TO ORDER: CHAIR WENDELL NARAGHI

ROLL CALL: Chair Wendell Naraghi
Vice Chair Walter Schmidt
Treasurer Paul Baxter

CONFLICT OF INTEREST

Declaration by Board Members who would have a direct Conflict of Interest on any scheduled item to be considered should be stated at this time.

1. PUBLIC BUSINESS FROM THE FLOOR (No action can be taken.)
At this time, members of the public may comment on any item not appearing on the agenda, and within the subject matter jurisdiction of the Board.

2. ACTION ITEMS
(These items will be individually discussed prior to Board action.)

Item 2.1: Approval of the May 14, 2013 Designated Local Authority Meeting Minutes.

Recommendation: Approval by roll call vote.

Item 2.2: Current Financial Status of the Designated Local Authority.

Recommendation: Discussion Item Only.

Item 2.3: General Liability Insurance Renewal.

Recommendation: Discuss and Recommend Continuance or Cancellation of Coverage.

Item 2.4: Standard & Poor's Bond Rating Update.

Recommendation: Discussion Item Only.

3. COMMENTS (Informational Only – No action to be taken)

Item 3.1: Consultant Comments.
Item 3.2: Board Comments.

ADJOURNMENT

AFFIDAVIT OF POSTING			
DATE:	June 7, 2013	**TIME:**	2:00 PM
NAME:	Marisela Hernandez	**TITLE:**	Director of Finance

Notice Regarding Americans with Disabilities Act:
In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (209) 863-7122. Notification 48-hours before the meeting will enable the Board to make reasonable arrangements to ensure accessibility to this meeting [28 CFR 35.102.35.104 ADA Title II].

Notice Regarding Non-English Speakers:
Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the Designated Local Authority shall be in English and anyone wishing to address the Board is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

AGENDA ITEM 2.1

RIVERBANK DESIGNATED LOCAL AUTHORITY

SUCCESSOR AGENCY TO THE RIVERBANK REDEVELOPMENT AUTHORITY

MEETING MINUTES

TUESDAY, MAY 14, 2013

CALL TO ORDER:

The Riverbank Designated Local Authority (RDLA) met this date at 10:00am, in the Riverbank City Hall North Council Chamber, 6707 Third Street, Riverbank California, and was called to order by Vice Chair Walter Schmidt.

ROLL CALL - Present: Vice Chair Walter Schmidt
Treasurer Paul Baxter
Chair Wendell Naraghi (arrived at 10:04am)

Also in Attendance: Mayor Richard D. O'Brien, Riverbank
Jill Anderson, Riverbank City Manager
Marisela Hernandez, Riverbank Finance Director
Chris Jicha, Kosmont Companies

CONFLICT OF INTEREST

Declaration by Board Members who would have a direct Conflict of Interest on any scheduled item to be considered should be stated at this time.

No conflict was declared.

1. PUBLIC BUSINESS FROM THE FLOOR (No action can be taken.)

There was no public business from the floor.

2. ACTION ITEMS

Item 2.1: Report of Posting. The agenda for the May 14, 2013, Designated Local Authority meeting was posted on the City bulletin board on May 10, 2013.

Motion by Treasurer Baxter, second by Vice Chair Schmidt, to approve the Report of Posting; passed 2-0.

Item 2.2: Approval of the April 9, 2013 Designated Local Authority Meeting Minutes.

Motion by Treasurer Baxter, second by Vice Chair Schmidt, to approve the Minutes of the April 9, 2013, DLA Meeting; passed 2-0.

Item 2.3: Current Financial Status of the Designated Local Authority.

(Chair Naraghi arrived, 10:04am)
Discussion ensued regarding potential refunding of current bonds with new bonds.

Item 2.4: Annual Continuing Disclosure Statement.

Discussion to re-engage auditors; Chris Jicha, Kosmont Companies, will follow-up with Marisela.

Item 2.5: Department of Finance Contract for Staff Support to Riverbank Designated Local Authority.

Chris Jicha provided the staff report for this item.

The State has not executed a new contract as of the date of this meeting however, staff is confident that one is forthcoming.

Vice Chair Schmidt asked if it was possible to receive a waiver for the Continued Disclosure Statement.

Item 2.6: Requirements of DLA following Department of Finance Finding of Completion.

Chris Jicha provided the staff report for this item.

DMP will take 6-months to complete. Properties placed into 4-brackets: 1) property to be transferred to the City; 2) high-value property; 3) quick sale property; and 4) no-value property.

(Vice Chair Schmidt left the meeting at 10:53am)

Brokers Meeting within the next 3-4 weeks.

Post to LoopNet / CoStar.

Chris will contact auditors.

3. COMMENTS (Informational Only – No action to be taken)

Item 3.1: Consultant Comments. ***No comments.***
Item 3.2: Board Comments. ***No comments.***

AGENDA ITEM 2.1

ADJOURNMENT

There being no further business, Chair Naraghi adjourned the meeting at 11:11am.

Respectfully Submitted,

____
Luanne Bain
Administrative Assistant
City of Riverbank

Return to Agenda Page

AGENDA ITEM 2.2
DESIGNATED LOCAL AUTHORITY
FINANCIAL STATUS
AS OF JUNE 1, 2013

	DLA Administration	Debt Service Series A	Debt Service Series B	Total
Cash On Hand	3,950.34	-	-	3,950.34
Debt Service Reserve*	-	132,133.38	82,457.79	214,591.17
Current Total	3,950.34	132,133.38	82,457.79	218,541.51
Est. Revenues May 2013	-	163,183.83	40,795.96	203,979.79
Est. Cash Available for Enf. Obligations	3,950.34	295,317.21	123,253.75	422,521.30
Enforceable Obligations 07/13-12/13	395.00	536,468.13	132,228.75	669,091.88
Ending Reserve	**3,555.34**	**(241,150.92)**	**(8,975.00)**	**(246,570.58)**

June Actual Revenues	$203,979.79

AGENDA ITEM 2.4

STANDARD & POOR'S
RATINGS SERVICES

One Market
Steuart Tower, 15th Floor
San Francisco, CA 94105-1000
tel 415 371-5000
reference no.: 40183018

May 9, 2013

City of Riverbank
Redevlopment Agency
6707 Third Street
Riverbank, CA 95367
Attention: Ms. Marisela Hernandez, Finance Director

Re: ***Riverbank Redevelopment Agency, California, Tax Allocation Bonds***

Dear Ms. Hernandez:

Standard & Poor's Ratings Services ("Ratings Services") hereby affirms its rating of "CC" for the above-referenced obligations and placed the rating on CreditWatch with negative implications. A copy of the rationale supporting the rating and CreditWatch is enclosed.

This letter constitutes Ratings Services' permission for you to disseminate the above rating to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, Standard & Poor's must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. You understand that Ratings Services relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to pubfin_statelocalgovt@standardandpoors.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003.

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,

Standard & Poor's

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enclosure

STANDARD & POOR'S RATINGS SERVICES

Standard & Poor's Ratings Services
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AGENDA ITEM 2.4

STANDARD
& POOR'S
RATINGS SERVICES

RatingsDirect®

Summary:

Riverbank Redevelopment Agency, California; Tax Increment

Primary Credit Analyst:
Alda A Mostofi, CFA, San Francisco (1) 415-371-5061; alda.mostofi@standardandpoors.com

Secondary Contact:
Sussan S Corson, New York 212-438-2014; sussan.corson@standardandpoors.com

Table Of Contents

Return to Agenda Page

Summary:

Riverbank Redevelopment Agency, California; Tax Increment

Credit Profile		
Riverbank Redev Agy hsg Tax alloc bnds		
Long Term Rating	CC/Watch Neg	On CreditWatch Negative
Riverbank Redev Agy Tax alloc bnds		
Long Term Rating	CC/Watch Neg	On CreditWatch Negative

Rationale

Standard & Poor's Ratings Services placed its 'CC' long-term rating on Riverbank Redevelopment Agency (RDA), Calif.'s series 2007A (nonhousing) and 2007B (housing) tax allocation bonds on CreditWatch with negative implications.

The CreditWatch action reflects our view of the successor agency's (SA) projection that it will fall short on its Aug. 1, 2013 debt service payment. Both series of bonds have a final maturity of Aug. 1, 2037.

Based on our conversation with the SA and our review of the SA's required obligation payment schedule (ROPS) submitted to the California Department of Finance, we anticipate that pledged revenue will be insufficient to cover debt service obligations on Aug. 1, 2013 and that the bonds will likely be in default, meaning that we will likely lower the rating to 'D' at that time.

The rating reflects our view of the project area's:

- Severely depressed property market, particularly in Riverbank's residential sector, which constitutes 70% of the project area;
- Five consecutive years of assessed valuation (AV) declines that, because of a high volatility ratio (base-year to total AV), resulted in a 96% decline in tax increment revenue in fiscal 2013; and
- Debt service coverage ratio of 0.04x for fiscal 2013, which necessitates continuing to drawon the bond's debt service reserve funds.

The initial $1.03 million cash-funded debt service reserve fund equal to maximum annual debt service (MADS), which is held with the trustee, has provided temporary support for the bonds. As of Feb. 1, 2013, the fund was reduced to $214,572, based on the data provided by the SA's ROPS covering June through December 2013.

The series 2007A bonds are secured by the SA's increment revenue net of housing set-asides. The agency's pass-through agreements have been subordinated to debt service payments. The series 2007B bonds are secured by the agency's 20% set-aside for low- and moderate-income housing.

The SA has being using the bond's cash-funded debt service reserve fund to meet debt service obligations for calendar

2012. During calendar 2011, the former RDA had been using cash reserves on hand from the agency's operating fund to support debt service shortfalls. With the passage of Assembly Bill 1x 26 and the abolishment of California RDAs, the agency no longer has access to unreserved cash deposits held in its operating fund. Based on our conversations with the SA, there is an Aug. 1, 2013 projected debt service shortfall of nearly $240,000 for the series A bonds and nearly $8,700 for the series B bonds. These shortfalls are projected to occur even with the full depletion of the bond's debt service reserve fund.

In our March 2012 rating review, we had noted that the agency would have defaulted on its February 2013 debt service payment. However, the county has been disbursing payments to the redevelopment property tax trust fund based on the SA's combined project areas, which include Amended Project Area No. 1 (a project area that is not pledged to the bonds). Therefore the agency had greater revenue to meet its obligations for its February 2013 debt service date. Our current projections for the August 2013 debt service shortfall account for the SA's receipt of revenue from Amended Project Area No. 1. The SA reports that, based on county projections, it will receive nearly $205,000 for its June 1 disbursement, which, with the use of the remaining $214,572 from the debt service reserve fund, will only partially pay for the total August 2013 debt service obligation of $671,697.

Project area total AV has declined by a cumulative 20.4% in fiscal years 2009 to 2013, while incremental AV has declined by a cumulative 96% because of the project area's high volatility ratio. Total AV decreased by 1.8% for fiscal 2013 to $436 million from $444 million. Incremental AV, however, declined by 62.4% to $48 million in fiscal 2013, which followed the previous year's decline of 58%. Based on pledge revenue from the merged project area (not including the Amended Project Area No. 1), we project that fiscal 2013 tax increment revenue will provide 0.04x coverage of both annual debt service and MADS on the series 2007A and 2007B bonds. The decline in incremental AV since fiscal 2008 has led to an increase in the volatility ratio to 0.99 for fiscal 2013. The project area's 10 leading taxpayers remain highly concentrated, in our view, accounting for nearly 540% of incremental AV.

The project area, created in 2005, encompasses 1,230 acres in the downtown core of Riverbank, in northern Stanislaus County, eight miles northeast of Modesto. Stanislaus County has experienced a severe market correction in its real estate values. Riverbank's housing market is similar to several others in the Central Valley and other areas of California that benefited briefly from a housing boom followed by significant hardships from foreclosures and falling market prices. The city's median household effective buying income (EBI) is strong, in our view, at 111% of the national level, but we consider per capita EBI to be adequate at 73%. We believe the lower per capita EBI ratio reflects households with multiple wage earners.

Related Criteria And Research

USPF Criteria: Special-Purpose Districts, June 14, 2007

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

AGENDA ITEM 2.4