



Overview of Riverside Disclosure Practices, Debt Portfolio, and Related Issues

Finance Department

***Municipal Market Disclosure Seminar
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Today's Topics

- Brief overview of Riverside's debt portfolio and debt staffing
- Overview of current and past Riverside disclosure practices
- Overview of future planned enhancements



Brief Overview of Riverside's Debt Portfolio and Debt Staffing



Riverside at a Glance

- **The City**

- Located 50 miles east of Los Angeles
- County seat of Riverside County
- 12th largest city in California
- Population of 312,000
- Home to four colleges and universities



- **The City Government**

- Council/Manager government
- 18 departments
- Electric, water, and sewer utilities
- 2,471 employees
- \$894 million annual budget



Riverside's Debt Portfolio

- **\$1.8 billion outstanding**
 - \$395 million General Fund
 - \$122 million of pension obligation bonds
 - \$1.1 billion enterprise funds
 - \$270 million successor agency
 - \$49 million special districts
 - \$47 million other
- **Variety of debt types**
 - Primarily fixed rate bonds
 - Variable rate bonds
 - Several VRDOs totaling \$139 million
 - SIFMA notes totaling \$57 million
 - Rolling BAN of \$31 million
 - Four bank loans totaling \$125 million



Riverside's Debt Ratings

S&P Fitch Moody's

- General Fund GO AA- / AA / NR
- Electric Utility AA- / AA- / NR
- Water Utility AAA / AA+ / Aa2
- Sewer Utility A / NR / Aa2
- RDA Successor A- / BBB / NR
BBB+ / BBB+ / NR



Riverside's Debt Staff

- **City staff**

- Finance Director
- Assistant Finance Director
- Financial Resources Manager
- Principal Debt Analyst
- Debt Accountants (2)

- **Consulting relationships**

- Special tax & related disclosure
- Advisory disclosure counsel
- Annual disclosure monitoring



Overview of Current and Past Riverside Disclosure Practices



Historical Disclosure Practices

- Prior to 2009 the City's disclosure activities, policies, and procedures were minimal
 - Filing of annual reports
 - Filing of material event notices (never needed)
 - Dissemination agent services outsourced
 - Some disclosure reports outsourced
 - Minimal internal staffing
- Rapid, successive downgrades of bond insurers and an external evaluation of our disclosure filings caused us to reevaluate the adequacy of our program



Historical Disclosure Practices

- Beginning with the insurer downgrade material events, internal policies and procedures were enhanced to include a monthly review
 - Implementation of “debt calendar” using Outlook
- An external review of EMMA filings revealed problems with the City’s disclosure
 - Duplicate filings, missing filings, and late filings
 - The City had completed all correctly and on time
- As a result, the City cancelled its dissemination agent contract and tasked internal staff with overall responsibility for disclosure
 - Two additional management positions added
 - External consultant on contract to review disclosure



Debt/Disclosure Policies

- The City has created or enhanced a number of debt-related policies over the past four years
 - Post-issuance compliance
 - Private activity/use
 - Allocation/tracking of proceeds/expenditures
 - Arbitrage
 - Records Retention
 - Continuing disclosure
 - Content
 - Submission process
 - Reporting requirements / triggers
 - Others
 - BAB reimbursement policy
 - Debt management (debt limit)
 - SIFMA remarketing
 - SWAPs



Current Disclosure Practices

- What are we disclosing using EMMA?
 - CAFRs (primary source of pension information, etc.)
 - Annual reports - everything required plus:
 - RDA dissolution disclosure
 - No additions yet, but considering
 - Also considering standardization of annual reports and perhaps consolidation
 - Material events
 - Primarily insurer downgrades
 - Insurer substitutions
 - Rating changes
 - Recalibrations
 - LOC provider upgrades/downgrades



Investor Relations Website

- One of the most important additions to the City's disclosure has been an investor relations website
 - Created in 2011
 - Includes official statements, annual reports, and material event notices for all of the outstanding City debt
 - Contains important disclaimers
 - Points investors to a central point of contact
 - Is easy to navigate
 - Is linked from EMMA and is linked to EMMA
 - Is updated and reviewed monthly by staff
- The City also routes all debt-related telephone calls to the City through its 311 call center and has a central email address for debt and tax questions



Investor Relations Website

Issue	S&P Rating ¹	Fitch Rating ¹	Moody's Rating ¹	Official Statement	Annual Disclosure Report ²	Material Event Notice ³
General Fund Debt						
2004 Election of 2003 General Obligation Bonds (Fire Facility Projects)	AA-	AA	NR			
2004 California Statewide Communities Development Authority Taxable Pension Obligation Bonds	INA	NR	Baa1			
2005A Taxable Pension Obligation Bonds	A+	AA-	NR			
2006 Lease Revenue Certificates of Participation (Galleria at Tyler Public Improvements)	A+	A+	NR			
2008 Variable Rate Refunding Certificates of Participation (Riverside Renaissance Projects)	A	A	NR			
2010 Certificates of Participation (Recovery Zone Facility Hotel Project)	A+	AA-	NR			
					N/A	N/A
						N/A

For additional information, please call the City's investor relations contact:

- Scott Catlett, Assistant Finance Director - 951-826-5609



Enhancements to Other Disclosure

- The City has also added a Financial Reports page to its website, which includes:
 - Enhanced monthly financial reports
 - General Fund and Enterprise Fund Finances
 - Investments (both pooled cash and fiscal agent)
 - Debt
 - Monthly report of purchases
 - Other financial information
 - Travel expenses of elected officials
 - Budget presentations
 - Rating reports



Overview of Future Planned Enhancements



Future Disclosure Enhancements

- The City is actively working on a number of enhancements to its disclosure practices
 - Posting of additional information
 - All budget presentations and related reports
 - Rating agency presentations
 - Pension and OPEB actuarial reports
 - Economic forecasts
 - Three year financial plan and utility rate plans
 - All rating agency reports
 - Information regarding bank loans
 - Implementing disclosure document review process (currently in process)
 - Posting CAFRs and annual reports earlier



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