



City of Riverside Finance Department **SIFMA Note Remarketing Policy**

Last Review Date: 5/2011
Prepared by: Financial Resources Division

PURPOSE:

To achieve a lower overall cost of borrowing through the use of SIFMA indexed instruments.

POLICY:

This policy outlines the process under which the City will manage the remarketing and redemption of its Variable Rate Refunding and/or Revenue Bonds.

Program Management:

No later than 120 days prior to the Scheduled Purchase Date

The City intends to exercise its early call option at least 120 days prior to the Index Rate Scheduled Purchase Date ("Scheduled Purchase Date"), to purchase the bonds with proceeds from the remarketed bonds on an Index Rate Unscheduled Purchase Date ("Unscheduled Purchase Date"). Under the authorizing document, the City has the discretion to require that the Bond Owners tender bonds for purchase on an Unscheduled Purchase Date with seven (7) days' written notice. The City intends to undertake remarketing efforts on one or more Unscheduled Purchase Dates to be able to purchase tendered bonds with the remarketing proceeds. To facilitate the remarketing on such Unscheduled Purchase Date, the City will prepare any updates to the disclosure document, if required by the remarketing agent of the bonds. The City will also coordinate the preparation and delivery of various notice and opinion requirements provided in the Supplemental Resolution.

Should remarketing proceeds be insufficient to purchase all the bonds on an Unscheduled Purchase Date(s), the City has identified the following procedures to assure that the purchase price is paid upon the Scheduled Purchase Date, and subsequently as renewed.

The City would implement the following steps to ensure funds are available to pay the purchase price of the Bonds, including taking appropriate steps to issue refunding bonds:

No later than ninety days prior to the Scheduled Purchase Date

The City shall meet the following requirements:

1. Prepare updates to the City's portion of the disclosure documents, as required;
2. Update the City's financial plan with audited amounts and updated projections;
3. Review finance plan alternatives (including remarketing SIFMA Index Notes, switching to line of credit backed variable rate demand obligations, bank direct purchase, long-term bonds or other financings then available in the markets);
4. Solicit bank liquidity bids; and
5. Solicit underwriter proposals, including indicative long-term and short-term rates.

Sixty days prior to the Scheduled Purchase Date

The City shall meet the following requirements:

1. Select the finance team (including financial advisor, if needed) for the proposed financing team or remarketing;
2. Determine the general structure as a refunding or conversion of interest rate mode;
3. Select underwriter or bank as appropriate;
4. Begin preparation of required notices and opinion requirements under the Supplemental Resolution for conversion of interest rate mode or, in the case of refunding, the preparation of necessary legal documents and all required notices; and
5. Update credit presentation and solicit ratings

Forty-five days prior to the Scheduled Purchase Date

The City shall meet the following requirements:

1. Review with and obtain Public Utilities Board recommendation, if needed, that City Council approve the proposed financing or remarketing;
2. Publish the requisite notice of public hearing at least fifteen days prior to such hearing;
3. Conduct a public hearing by the City Council;
4. Receive City Council authorization to issue refunding bonds or to convert to another interest rate mode; and
5. Send out required notices under the Supplemental Resolution for conversion of interest rate mode or the redemption of bonds, as appropriate.

Thirty days prior to the Scheduled Purchase Date

The City shall meet the following requirements:

1. Complete the financing documents for the issuance of refunding bonds or remarketing into another interest rate mode;
2. Confirm that appropriate notice(s) has been provided to the parties listed in the Supplemental Resolution as well as the Continuing Disclosure Certificate and bondholders; and
3. Complete pricing of refunding bonds as necessary (if a remarketing and change to alternative mode is not effected) to ensure proceeds are available on the Scheduled Purchase Date

In the event the City has not otherwise effected a refunding or remarketing prior to the Scheduled Purchase Date and provided the proceeds for the purchase price of the tendered bonds, the City will take all necessary steps to ensure payment of the purchase price of the tendered bonds in the event remarketing proceeds upon the conversion are not sufficient, including utilizing the City's available cash and unrestricted reserves, liquidating the City's investments, liquidating the City's other valuable assets such as real property, and borrowing from within the City as necessary.

PROCEDURE:

Responsibility	Action
Finance Department	1. Finance Director or designee, shall perform the tasks as detailed above.