

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

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FROM: EXECUTIVE OFFICE **SUBMITTAL DATE:** March 25, 2003
SUBJECT: Bankruptcy Court Project Refunding.

RECOMMENDED MOTION: That Resolution 2003-141 authorizing and approving the execution, sale and delivery of Taxable Refunding Certificates of Participation (Bankruptcy Court Project) Series 2003 in an aggregate principal amount not to exceed \$17,500,000, authorizing the execution and delivery of a Lease Agreement, a Sublease Agreement, a Trust Agreement and a Contract of Purchase, authorizing the preparation and distribution of a Preliminary Official Statement and other matters related thereto be approved.

BACKGROUND: In 1997 the County of Riverside acquired the U.S. Bankruptcy Court from the City of Riverside through the issuance of \$18,000,000 variable-rate Certificates of Participation (COPs). The COPs carry a letter of credit (LOC) with Commerzbank as a credit enhancement. Commerzbank's long-term credit rating has been downgraded by Standard and Poor's from "A" to "A-," below what is an acceptable rating for a letter of credit bank.
(CONTINUED)



Dean Deines
Principal Management Analyst


FINANCIAL DATA:			
CURRENT YEAR COST	\$0	ANNUAL COST:	\$ 0
NET COUNTY COST	\$0	IN CURRENT YEAR BUDGET:	Yes/ No/
		BUDGET ADJUSTMENT FY:	Yes/ No/

SOURCE OF FUNDS:

C.E.O. RECOMMENDATION: APPROVE.



County Executive Officer Signature

FORM APPROVED
COUNTY COUNSEL
MAR 18 2003
BY 

Policy
 Policy
 Consent
 Consent

Department Recommendation:
Per Executive Office:

Bankruptcy Court Project Refunding
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To eliminate the need for a letter of credit, and to take advantage of current low interest rates, it is being recommended that the Bankruptcy Court Project COPs be refunded to a fixed interest rate. By fixing the COPs, the County will be assured of a fixed interest rate on the COPs through maturity, and eliminate the letter of credit and remarketing fees of approximately \$59,000 per fiscal year.

The Federal lease for the Bankruptcy Court is a 20-year lease that expires in 2012 with two, 5-year options the Federal Government can exercise at their discretion. The refunding will shorten the maturity date of the COPs from 2027 to 2019 to assure that there will be no outstanding debt on the Bankruptcy Court once the lease and options have expired.

RESOLUTION NO. 2003-141

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING AND APPROVING THE EXECUTION, SALE AND DELIVERY OF TAXABLE REFUNDING CERTIFICATES OF PARTICIPATION (BANKRUPTCY COURT PROJECT) SERIES 2003 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$17,500,000, AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT, A SUBLEASE AGREEMENT, A TRUST AGREEMENT AND A CONTRACT OF PURCHASE, AUTHORIZING THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND OTHER MATTERS RELATED THERETO.

WHEREAS, the County of Riverside (the "County") has heretofore provided for the execution and delivery on October 30, 1997 of the County of Riverside, California Certificates of Participation (Bankruptcy Courthouse Acquisition Project) in the aggregate principal amount of \$18,000,000 (the "Prior Certificates") pursuant to that certain Trust Agreement, dated as of October 1, 1997, by and among the County, the County of Riverside Court Financing Corporation (the "Corporation") and U.S. Trust Company of California, N.A., as trustee; and

WHEREAS, the proceeds of the Prior Certificates were used to reimburse the County for its acquisition of the United States Bankruptcy Courthouse located at 3420 12th Street, Riverside, California (the "Leased Premises"); and

WHEREAS, the Leased Premises were leased by the County to the Corporation pursuant to a Site Lease, dated as of October 1, 1997, as amended by a First Amendment to Site Lease, dated as of March 1, 2000 and leased back to the County pursuant to a Facilities Lease, dated as of October 1, 1997, as amended by that certain First Amendment to Facilities Lease, dated as of March 1, 2000 (collectively, the "Prior Facilities Lease"); and

WHEREAS, the County desires to fix its lease obligations with respect to the Leased Premises and in order to effectuate such purpose the County will exercise its option under the Prior Facilities Lease to purchase the Leased Premises, thereby optionally prepaying the outstanding Prior Certificates; and

WHEREAS, the Corporation and the County desire to enter into a Lease Agreement (the "Lease Agreement"), dated as of April 1, 2003, pursuant to which the County agrees to lease the Leased Premises to the Corporation; and

WHEREAS, the Corporation and the County desire to enter into a Sublease Agreement (the "Sublease Agreement"), dated as of April 1, 2003, pursuant to which the County agrees to lease for County purposes the Leased Premises from the Corporation, and the Corporation agrees to sublease the Leased Premises to the County in consideration for which the County has agreed to make certain payments of base rental ("Base Rental"); and

WHEREAS, the County (as successor to the Redevelopment Agency of the City of Riverside) leased the Leased Premises to the United States of America, acting by and through the

General Services Administration (the "GSA"), pursuant to that certain Lease No. GS-09B-93834, dated December 21, 1994, as amended by Supplemental Agreement No. 1, dated March 28, 1996, as further amended by Supplemental Agreement No. 2, dated April 25, 1996, by Supplemental Agreement No. 3, dated June 2, 1997, by Supplemental Agreement No. 4, dated August 28, 1997, by Supplemental Agreement No. 5, dated December 3, 1997, and by Supplemental Agreement No. 6, dated August 23, 2000 (collectively, the "GSA Lease Agreement"); and

WHEREAS, the County and the Corporation desire to provide for the execution and delivery of not to exceed \$17,500,000 aggregate principal amount of County of Riverside Taxable Refunding Certificates of Participation (Bankruptcy Court Project) Series 2003 (the "Series 2003 Certificates"), to be executed and delivered by BNY Western Trust Company, as trustee (the "Trustee") pursuant to a Trust Agreement (the "Trust Agreement"), dated as of April 1, 2003, by and among the Corporation, the County and the Trustee; and

WHEREAS, the Corporation will transfer all of its right, title and interest (excluding its rights to indemnification and payment or reimbursement for its costs and expenses) in and to the Lease Agreement and the Sublease Agreement, including the right to receive payments of Base Rental due thereunder, to the Trustee for the benefit of the owners of the Series 2003 Certificates; and

WHEREAS, the County will transfer all of its right, title and interest in and to all moneys due or to become due to the County under the GSA Lease Agreement (the "GSA Payments") to the Trustee for the benefit of the Owners of the Series 2003 Certificates and will also grant, to the extent permitted by applicable law, to the Trustee, a first priority security interest in all of the County's right, title and interest in and to the GSA Lease Agreement; and

WHEREAS, there has been presented to the Board of Supervisors for its consideration and there is now on file with the Clerk of the Board of Supervisors copies of the forms of the following documents:

- 1) Lease Agreement;
- 2) Sublease Agreement;
- 3) Trust Agreement;
- 4) Contract of Purchase (the "Purchase Contract"), to be entered into by and among UBS PaineWebber Incorporated (the "Underwriter"), the County and the Corporation with respect to the Series 2003 Certificates;
- 5) Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), dated the Closing Date; and
- 5) Preliminary Official Statement relating to the sale of the Series 2003 Certificates (the "Preliminary Official Statement").

WHEREAS, upon the adoption of this resolution, all acts, conditions and things required to have been performed precedent to and in connection with the execution and delivery of the Lease Agreement, the Sublease Agreement, the Trust Agreement, the Contract of Purchase, the Continuing Disclosure Certificate and the Series 2003 Certificates and the consummation of the financing authorized hereby do exist, have happened and have been performed as required by law, and the County is duly authorized and empowered to carry out such financing for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors (the "Board") of the County of Riverside, as follows:

Section 1. All of the above recitals are true and correct, and the Board so finds and determines.

Section 2. The proposed form of Lease Agreement on file with the Clerk of the Board is hereby approved. The Chairman and Vice Chairman of the Board, the County Executive Officer, the County Finance Director and any other authorized officers of the County acting on behalf of the County Executive Officer (each an "Authorized Representative" and, collectively, the "Authorized Representatives") are, and each of them acting alone is, hereby authorized and directed to execute and deliver the Lease Agreement in substantially the form presented to and considered at this meeting with such changes as such Authorized Representative executing the same shall deem appropriate and in the best interests of the County, as conclusively evidenced by the execution and delivery thereof.

Section 3. The proposed form of Sublease Agreement on file with the Clerk of the Board is hereby approved. The Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to execute and deliver the Sublease Agreement in substantially the form presented to and considered at this meeting with such changes as the Authorized Representative executing and delivering such document shall deem appropriate and in the best interests of the County, as conclusively evidenced by the execution and delivery thereof.

Section 4. The form of Trust Agreement on file with the Clerk of the Board is hereby approved. The Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to execute and deliver the Trust Agreement in substantially the form presented to and considered at this meeting with such changes as the Authorized Representative executing and delivering such document shall deem appropriate and in the best interests of the County, as conclusively evidenced by the execution and delivery thereof.

Section 5. The form of Contract of Purchase on file with the Clerk of the Board is hereby approved. The Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to negotiate the final terms and conditions of, and to execute and deliver to the Underwriter, the Contract of Purchase in substantially the form presented to and considered at this meeting with such changes as the Authorized Representative executing such document shall deem appropriate and in the best interests of the County, as conclusively evidenced by the execution and delivery thereof. In connection with the negotiation, execution and delivery of the Contract of Purchase, the Authorized Representatives are further authorized and directed to negotiate the price, interest rates, discount provisions, dates, maturity dates,

principal amounts and prepayment provisions with respect to the Series 2003 Certificates, and are authorized to negotiate any and all other terms and agreements relating to the execution and delivery of the Series 2003 Certificates, as the Authorized Representative shall determine to be in the best interests of the County, all to be conclusively evidenced by the execution and delivery of the Contract of Purchase; *provided, however*, that the maximum interest rate with respect to the Series 2003 Certificates shall not exceed eight percent (8%) per annum and provided further that the maximum aggregate underwriter's discount (excluding original issue discount, if any, from the principal amount of the Series 2003 Certificates) shall not exceed [____] percent (____%) of the aggregate principal amount of the Series 2003 Certificates. All other terms and conditions shall be consistent with and shall carry out the intention of this Board's approval, as set forth herein. The Series 2003 Certificates may be sold with or without municipal bond insurance as security therefore as the Authorized Representative shall determine to be in the best interests of the County, such determination to be conclusively evidenced by the execution and delivery on behalf of the County of any documents required to be executed and delivered on behalf of the County relating to such municipal bond insurance.

Section 6. The form of Continuing Disclosure Certificate on file with the Clerk of the Board is hereby approved. The Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate in substantially the form presented to and considered at this meeting with such changes as the Authorized Representative executing and delivering such document shall deem appropriate and in the best interests of the County, as conclusively evidenced by the execution and delivery thereof.

Section 7. The officers of the County are hereby authorized and directed to prepare or cause to be prepared the Preliminary Official Statement and an official statement with respect to the Series 2003 Certificates. The distribution of copies of the Preliminary Official Statement to persons who may be interested in the purchase of Series 2003 Certificates is hereby authorized and approved. The Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to certify to the Underwriter on behalf of the County that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted by such Rule).

Section 8. The County hereby approves the execution and delivery of the Series 2003 Certificates by the Trustee in an initial aggregate principal amount not to exceed \$17,500,000, and the sale of the Series 2003 Certificates pursuant to the Contract of Purchase.

Section 9. The Clerk of the Board, or the Assistant Clerk is hereby authorized and directed to attest the signature of Authorized Representatives, as may be required or appropriate in connection with the execution and delivery of the Lease Agreement, the Sublease Agreement, the Trust Agreement, the Contract of Purchase, the Continuing Disclosure Certificate and the Series 2003 Certificates.

Section 10. The officers of the County are hereby authorized and directed, to do any and all things and to execute and deliver any and all documents, agreements and certificates which they may deem necessary or advisable in order to consummate the execution and delivery of the

Lease Agreement, the Sublease Agreement, the Trust Agreement, the Contract of Purchase, the Continuing Disclosure Certificate and the Series 2003 Certificates and carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 11. The Clerk of the Board of Supervisors shall certify to the passage of this Resolution, shall transmit a copy hereof to the Corporation, and shall cause the action of the Board of Supervisors in adopting the same to be entered in the official minutes of this Board of Supervisors.

Section 12. This Resolution shall take effect immediately upon its passage.

ADOPTED, SIGNED AND APPROVED this _____ day of _____, 2003.

Chairman of the Board of Supervisors of
County of Riverside

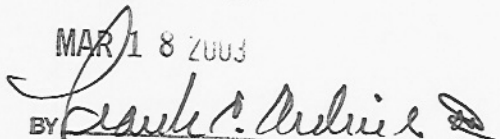
ATTEST:

NANCY ROMERO
Clerk of the Board of Supervisors

Deputy

FORM APPROVED
COUNTY COUNSEL

MAR 18 2003

BY Paul C. Aubrie 

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, NANCY ROMERO, Clerk of the Board of Supervisors of the County of Riverside, do hereby certify that the foregoing Resolution was duly adopted by the Board of Supervisors of such County at a regular meeting held on the ____ day of _____, 2003, and that it was so adopted by the following vote:

AYES: Supervisors: _____

NOES: Supervisors: _____

ABSENT: Supervisors: _____

NANCY ROMERO
Clerk of the Board of Supervisors

Deputy