



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

**FROM:** EXECUTIVE OFFICE

**SUBMITTAL DATE:** May 6, 2003

**SUBJECT:** Letter of Credit Substitution

**RECOMMENDED MOTION:** (1) That Resolution No. 2003-189 of the Board of Supervisors of the County of Riverside providing for the execution and delivery of an Amended and Restated Sublease and Option to Purchase, Fourth Amendment to Trust Agreement, First Amendment to Remarketing Agent Agreement, Third Amendment to Ground Lease, acknowledgment of an Assignment and Assumption Agreement, preparation and distribution of a Supplement to Official Statement, substitution of an Alternate Letter of Credit and other matters related thereto be approved.

(2) Resolution No. 2003-190 of the Board of Supervisors of the County of Riverside providing for the execution and delivery of an Amended and Restated Sublease and Option to Purchase, Second Amendment to Trust Agreement, First Amendment to Remarketing Agent Agreement, Second Amendment to Ground Lease, acknowledgment of an Assignment and Assumption Agreement, preparation and distribution of a Supplement to Official Statement, substitution of an Alternate Letter of Credit and other matters related thereto be approved.

(continued on page 2)

FORM APPROVED  
COUNTY COUNSEL

APR 30 2003

BY: *[Signature]*

*[Signature]*

Dean Deines  
Principal Management Analyst

- Policy
- Consent
- Policy
- Consent

**FINANCIAL DATA:**

<b>CURRENT YEAR COST</b>	\$104,000	<b>ANNUAL COST:</b>	\$ 620,000
<b>NET COUNTY COST</b>	\$104,000	<b>IN CURRENT YEAR BUDGET:</b>	Yes/X No/
		<b>BUDGET ADJUSTMENT FY:</b>	Yes/ No/ X

**SOURCE OF FUNDS:** Capital Administration Budget

**C.E.O. RECOMMENDATION:** APPROVE.

*[Signature]*

**County Executive Officer Signature**

Department Recommendation:

Per Executive Office:

Prev. Agn. ref.

Dist.

AGENDA NO.

3

**BACKGROUND:** Commerzbank, currently the Letter of Credit Bank (LOC) for the 1985 ACES and 1990 Monterey Avenue Projects, has had its long-term credit rating downgraded by Standard and Poor's from "A" to "A-," below what is an acceptable rating for a letter of credit bank. As a result, bids were sent out to qualifying banks (those with AAA or AA ratings) to replace Commerzbank. Because of the economic uncertainty at the State level, no bank offered a bid to replace the existing LOC.

Subsequently, Commerzbank approached the County with an offer to be replaced by State Street Bank and Trust Company. State Street is rated Aa2/P-1 by Moody's, AA/A-1+ by S&P and AA+/F-1+ by Fitch. Both the long and short-term ratings have been recently reaffirmed and their outlook is considered stable. The annual LOC fee will be 0.53% of outstanding principal, up from 0.35%. The increase is being experienced industry-wide due to the number of banks exiting the LOC business and higher bank costs.

**RESOLUTION NO. 2003-189**

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE PROVIDING FOR THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED SUBLEASE AND OPTION TO PURCHASE, FOURTH AMENDMENT TO TRUST AGREEMENT, FIRST AMENDMENT TO REMARKETING AGENT AGREEMENT, THIRD AMENDMENT TO GROUND LEASE, ACKNOWLEDGMENT OF AN ASSIGNMENT AND ASSUMPTION AGREEMENT, PREPARATION AND DISTRIBUTION OF A SUPPLEMENT TO OFFICIAL STATEMENT, SUBSTITUTION OF AN ALTERNATE LETTER OF CREDIT AND OTHER MATTERS RELATED THERETO**

**WHEREAS**, the County of Riverside (the "County") previously caused to be executed and delivered its Adjustable Convertible Extendable Securities Constituting County of Riverside 1985 Certificates of Participation, Type One, consisting of Series A, Series B, Series C and Series D (Riverside County Public Facilities Project) (the "Certificates"), pursuant to a Trust Agreement, dated as of November 1, 1985 as supplemented and amended by the First Amendment to Trust Agreement, dated as of September 1, 1987, by the Second Amendment to Trust Agreement, dated as of November 1, 1995, and by the Third Amendment to Trust Agreement, dated as of October 15, 1996, by and between the County and BNY Western Trust Company, as successor in interest to First Interstate Bank of California, as trustee (the "Trustee"), (as so supplemented and amended and as it may be further supplemented and amended from time to time, the "Trust Agreement");

**WHEREAS**, in connection with the execution and delivery of the Certificates, The First Boston Corporation and PaineWebber Incorporated, as Underwriters, distributed the Official Statement dated December 19, 1985, as supplemented by the Supplement to Official Statement dated November 3, 1995 (as so supplemented and as it may be further supplemented from time to time, the "Official Statement");

**WHEREAS**, in connection with the execution and delivery of the Certificates, the County, the County of Riverside Asset Leasing Corporation (the "Corporation"), National Westminster Bank PLC, acting through its Los Angeles Overseas Branch ("NatWest") and Commerzbank Aktiengesellschaft, acting through its Los Angeles Branch ("Commerzbank, Los Angeles Branch") entered into that certain Amended and Restated Sublease and Option to Purchase, dated as of November 1, 1995, as amended by that certain First Amendment to Amended and Restated Sublease and Option to Purchase, dated as of July 20, 2000, by and between the County and Commerzbank, AG acting through its New York Branch ("Commerzbank, New York Branch") (as it may be further supplemented and amended from time to time, the "Sublease");

**WHEREAS**, in connection with the execution and delivery of the Certificates, the Corporation and the Trustee entered into that certain Amended and Restated Assignment

Agreement, dated as of November 1, 1995 (as it may be amended from time to time, the "Assignment Agreement");

**WHEREAS**, in connection with the execution and delivery of the Certificates, the County and the Corporation entered into that certain Ground Lease, dated November 1, 1985, as amended by that certain First Amendment to Ground Lease, dated as of September 1, 1987, and by that certain Definitional Amendment Agreement to Sublease and Option to Purchase and Ground Lease, dated as of January 1, 1993, and by that certain Second Amendment to Ground Lease, dated as of November 1, 1995 (as so amended and as it may be further amended from time to time, the "Ground Lease");

**WHEREAS**, in connection with the execution and delivery of the Certificates, the County, Lehman Brothers Inc. and UBS PaineWebber Inc., together as successors in interest to The First Boston Corporation (the "Remarketing Agents"), entered into that certain Remarketing Agent Agreement, dated as of January 26, 1996 (as it may be amended from time to time, the "Remarketing Agent Agreement");

**WHEREAS**, in connection with the execution and delivery of the Certificates, NatWest and Commerzbank, Los Angeles Branch entered into that certain Custody Agreement, dated as of November 1, 1995 (as it may be amended from time to time, the "Custody Agreement");

**WHEREAS**, in connection with the execution and delivery of the Certificates, Commerzbank, New York Branch, issued its Irrevocable Letter of Credit dated July 20, 2000, as amended by that certain Amendment No. 1, dated March 18, 2003 (as amended, the "Expiring Letter of Credit"), which Expiring Letter of Credit will expire on July 17, 2003;

**WHEREAS**, State Street Bank and Trust Company ("State Street") has agreed to issue its Irrevocable Letter of Credit (the "New Letter of Credit") in substitution for the Expiring Letter of Credit;

**WHEREAS**, the County desires to secure a successor letter of credit to support its payment obligations under the Certificates;

**WHEREAS**, such substitution requires the assignment by Commerzbank, New York Branch and the assumption by State Street of all right, title and interest (including, without limitation, obligations) of Commerzbank, New York Branch, arising under or with respect to the Certificates, the Trust Agreement, the Sublease, the Assignment Agreement, the Ground Lease, and the Custody Agreement (collectively, the "Certificate Documents"); and

**WHEREAS**, Commerzbank, New York Branch and State Street have agreed to enter into an Assignment and Assumption Agreement (the "Assignment and Assumption Agreement") in connection with the issuance of the New Letter of Credit in the form substantially presented herewith.

**NOW THEREFORE, THIS BOARD OF SUPERVISORS DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER** as follows:

Section 1. The form of the Assignment and Assumption Agreement is hereby acknowledged and approved. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of the County, to acknowledge and approve the Assignment and Assumption Agreement substantially in the form presented to and considered at this meeting, with such changes therein as the persons executing the same on behalf of the County may approve, in their discretion, as being in the best interest of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. The form of the Fourth Amendment to Trust Agreement is hereby approved. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of the County, to execute and deliver the Fourth Amendment to Trust Agreement substantially in the form presented to and considered at this meeting, with such changes therein as the persons executing the same on behalf of the County may approve, in their discretion, as being in the best interest of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of the Amended and Restated Sublease and Option to Purchase is hereby approved. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of the County, to execute and deliver the Amended and Restated Sublease and Option to Purchase substantially in the form presented to and considered at this meeting, with such changes therein as the persons executing the same on behalf of the County may approve, in their discretion, as being in the best interest of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form of the First Amendment to Remarketing Agent Agreement is hereby approved. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of the County, to execute and deliver the First Amendment to Remarketing Agent Agreement substantially in the form presented to and considered at this meeting, with such changes therein as the persons executing the same on behalf of the County may approve, in their discretion, as being in the best interest of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form of the Third Amendment to Ground Lease is hereby approved. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of the County, to execute and deliver the Third Amendment to Ground Lease substantially in the form presented to and considered at this meeting, with such changes therein as the persons executing the same on behalf of the County may approve, in their discretion, as being in the best interest of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The Supplement to Official Statement is hereby approved substantially in the form presented herewith. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the County, to execute and deliver the Supplement to Official

Statement in substantially the form of the Supplement to Official Statement presented herewith with such changes therein as they may approve, in their discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the execution and delivery thereof. The Remarketing Agents are hereby authorized to distribute copies of the Supplement to Official Statement and the final official statement so prepared to persons who may be interested in the purchase of the Certificates and are directed to deliver copies of such Supplement to Official Statement to all actual purchasers of the Certificates from the Remarketing Agents acting in such capacity.

Section 7. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of the County, to do any and all things, and take any and all actions, including without limitation, executing and delivering any and all documents which they may deem necessary or advisable in order to effectuate this resolution, and all actions heretofore taken by any of them with respect to the subject matter of this resolution is hereby approved, ratified and confirmed.

Section 8. This resolution shall take effect immediately upon its passage.

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**APPROVED AND ADOPTED** by the Board of Supervisors of the County of  
Riverside this \_\_\_\_\_ day of April, 2003.

COUNTY OF RIVERSIDE

By: \_\_\_\_\_  
John Tavaglione, Chairperson  
Board of Supervisors

[SEAL]

ATTEST:

By: \_\_\_\_\_  
Nancy Romero  
Clerk of the Board



**RESOLUTION NO. 2003-190**

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE PROVIDING FOR THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED SUBLEASE AND OPTION TO PURCHASE, SECOND AMENDMENT TO TRUST AGREEMENT, FIRST AMENDMENT TO REMARKETING AGENT AGREEMENT, SECOND AMENDMENT TO GROUND LEASE, ACKNOWLEDGMENT OF AN ASSIGNMENT AND ASSUMPTION AGREEMENT, PREPARATION AND DISTRIBUTION OF A SUPPLEMENT TO OFFICIAL STATEMENT, SUBSTITUTION OF AN ALTERNATE LETTER OF CREDIT AND OTHER MATTERS RELATED THERETO**

**WHEREAS**, the County of Riverside (the "County") previously caused to be executed and delivered its 1990 Taxable Variable Rate Certificates of Participation (Monterey Avenue Project) in the original principal amount of \$8,800,000 and currently outstanding in the amount of \$7,600,000 (the "Certificates"), pursuant to a Trust Agreement, dated as of June 1, 1990 as amended by that certain First Amendment to Trust Agreement, dated as of January 26, 1996, by and among the County and U.S. Bank National Association, formerly known as First Trust of California, National Association, as successor in interest to Security Pacific National Bank, and formerly known as First Trust of New York, National Association, as successor in interest to Security Pacific National Trust Company (New York), as trustee and tender agent (the "Trustee and Tender Agent") (as so supplemented and amended and as it may be further supplemented and amended from time to time, the "Trust Agreement");

**WHEREAS**, in connection with the execution and delivery of the Certificates, The First Boston Corporation, as Underwriter, distributed the Official Statement dated June 18, 1990, as supplemented by the Supplement to Official Statement dated January 26, 1996 (as so supplemented and as it may be further supplemented from time to time, the "Official Statement");

**WHEREAS**, in connection with the execution and delivery of the Certificates, the County, the Desert Facilities Corporation (the "Corporation"), National Westminster Bank PLC, acting through its New York Branch ("NatWest") and Commerzbank Aktiengesellschaft, acting through its Los Angeles Branch ("Commerzbank, Los Angeles Branch") entered into that certain Amended and Restated Sublease and Option to Purchase, dated as of January 26, 1996, as amended by that certain First Amendment to Amended and Restated Sublease and Option to Purchase, dated as of July 20, 2000, by and between the County and Commerzbank, AG acting through its New York Branch ("Commerzbank, New York Branch") (as it may be further supplemented and amended from time to time, the "Sublease");

**WHEREAS**, in connection with the execution and delivery of the Certificates, the Corporation and the Trustee entered into that certain Amended and Restated Assignment

Agreement, dated as of January 26, 1996 (as it may be amended from time to time, the "Assignment Agreement");

**WHEREAS**, in connection with the execution and delivery of the Certificates, the County and the Corporation entered into that certain Ground Lease, dated June 1, 1990, as amended by that certain First Amendment to Ground Lease, dated as of January 26, 1996 (as so amended and as it may be further amended from time to time, the "Ground Lease");

**WHEREAS**, in connection with the execution and delivery of the Certificates, the County and Lehman Brothers Inc. (the "Remarketing Agent") entered into that certain Remarketing Agent Agreement, dated as of January 26, 1996 (as it may be amended from time to time, the "Remarketing Agent Agreement");

**WHEREAS**, in connection with the execution and delivery of the Certificates, NatWest and Commerzbank, Los Angeles Branch, entered into that certain Custody Agreement, dated as of January 26, 1996 (as it may be amended from time to time, the "Custody Agreement");

**WHEREAS**, in connection with the execution and delivery of the Certificates, Commerzbank, New York Branch, issued its Irrevocable Letter of Credit dated July 20, 2000, as amended by that certain Amendment No. 1, dated March 18, 2003 (as amended, the "Expiring Letter of Credit"), which Expiring Letter of Credit will expire on July 17, 2003;

**WHEREAS**, State Street Bank and Trust Company ("State Street") has agreed to issue its Irrevocable Letter of Credit (the "New Letter of Credit") in substitution for the Expiring Letter of Credit;

**WHEREAS**, the County desires to secure a successor letter of credit to support its payment obligations under the Certificates;

**WHEREAS**, such substitution requires the assignment by Commerzbank, New York Branch and the assumption by State Street of all right, title and interest (including, without limitation, obligations) of Commerzbank, New York Branch, arising under or with respect to the Certificates, the Trust Agreement, the Sublease, the Assignment Agreement, the Ground Lease, and the Custody Agreement (collectively, the "Certificate Documents"); and

**WHEREAS**, Commerzbank, New York Branch and State Street have agreed to enter into an Assignment and Assumption Agreement (the "Assignment and Assumption Agreement") in connection with the issuance of the New Letter of Credit in the form substantially presented herewith.

**NOW THEREFORE, THIS BOARD OF SUPERVISORS DOES HEREBY FIND, RESOLVE, DETERMINE AND ORDER** as follows:

Section 1. The form of the Assignment and Assumption Agreement is hereby acknowledged and approved. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of the County, to acknowledge and approve the Assignment and Assumption Agreement substantially in the form presented to and considered at this meeting, with such changes therein as the persons

executing the same on behalf of the County may approve, in their discretion, as being in the best interest of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. The form of the Second Amendment to Trust Agreement is hereby approved. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of the County, to execute and deliver the Second Amendment to Trust Agreement substantially in the form presented to and considered at this meeting, with such changes therein as the persons executing the same on behalf of the County may approve, in their discretion, as being in the best interest of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of the Amended and Restated Sublease and Option to Purchase is hereby approved. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of the County, to execute and deliver the Amended and Restated Sublease and Option to Purchase substantially in the form presented to and considered at this meeting, with such changes therein as the persons executing the same on behalf of the County may approve, in their discretion, as being in the best interest of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form of the First Amendment to Remarketing Agent Agreement is hereby approved. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of the County, to execute and deliver the First Amendment to Remarketing Agent Agreement substantially in the form presented to and considered at this meeting, with such changes therein as the persons executing the same on behalf of the County may approve, in their discretion, as being in the best interest of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form of the Second Amendment to Ground Lease is hereby approved. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of the County, to execute and deliver the Second Amendment to Ground Lease substantially in the form presented to and considered at this meeting, with such changes therein as the persons executing the same on behalf of the County may approve, in their discretion, as being in the best interest of the County, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The Supplement to Official Statement is hereby approved substantially in the form presented herewith. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the County, to execute and deliver the Supplement to Official Statement in substantially the form of the Supplement to Official Statement presented herewith with such changes therein as they may approve, in their discretion, as being in the best interests of the County, such approval to be conclusively evidenced by the execution and delivery thereof. The Remarketing Agent is hereby authorized to distribute copies of the Supplement to Official Statement and the final official statement so prepared to persons who may be interested in the

purchase of the Certificates and are directed to deliver copies of such Supplement to Official Statement to all actual purchasers of the Certificates from the Remarketing Agent acting in such capacity.

Section 7. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name of the County, to do any and all things, and take any and all actions, including without limitation, executing and delivering any and all documents which they may deem necessary or advisable in order to effectuate this resolution, and all actions heretofore taken by any of them with respect to the subject matter of this resolution is hereby approved, ratified and confirmed.

Section 8. This resolution shall take effect immediately upon its passage.

[Remainder of page intentionally left blank]

**APPROVED AND ADOPTED** by the Board of Supervisors of the County of  
Riverside this \_\_\_\_\_ day of April, 2003.

COUNTY OF RIVERSIDE

By: \_\_\_\_\_  
John Tavaglione, Chairperson  
Board of Supervisors

[SEAL]

ATTEST:

By: \_\_\_\_\_  
Nancy Romero  
Clerk of the Board

