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

FROM: Executive Office

SUBMITTAL DATE:
October 9, 2003

SUBJECT: Historic Courthouse Project and Refunding of 1993 Master Refunding Project

RECOMMENDED MOTION: That Resolution #2003-493 of the Board of Supervisors of the County of Riverside authorizing the execution and delivery of a First Amendment to Facilities Lease, a First Supplemental Trust Agreement and a Purchase Contract in connection with the execution and delivery of additional Certificates of Participation with respect to the Historic Courthouse Project, authorizing the execution and delivery of a Property Lease, a Lease Agreement and a Trust Agreement in connection with the refunding of the outstanding Certificates of Participation (1993 Master Refunding), authorizing the preparation and distribution of a Preliminary Official Statement and authorizing certain other actions in connection therewith be approved.

BACKGROUND: On December 23, 2002, item #3.2, the Board of Supervisors approved, in principle, the completion of the 1933 portion of the Historic Courthouse. On November 26, 2002, item #3.8, the Board of Supervisors approved the expansion of the existing surcharge imposed on civil and family law filing fees in Superior Court for the repayment of debt associated with the completion of the 1933 portion of the Historic Courthouse.

(CONTINUED)

FORM APPROVED
COUNTY COUNSEL
OCT 14 2003

Departmental Concurrence

Dean Deines
Principal Management Analyst

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: CORAL bond proceeds	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE.

County Executive Office Signature

Dept't Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: 12/23/02-3.2; 11/26/02-3.8 | **District:** | **Agenda Number:**

**ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD**

3.21b

Based on FY 01-02 Superior Court caseload, Court staff estimated that the expansion of the filing fees will generate approximately \$1.2 million annually based on a filing fee of \$35 for civil matter and \$25 for unlawful detainer matters. This is in addition to the fees already collected and used for the existing debt service on the previous Courthouse rehabilitation.

The project budget of \$10.5 million will provide for the seismic stabilization and renovation of the 1933 portion of the Historic Courthouse. The expanded filing fees will be sufficient to provide for the repayment of the estimated \$872,000 annual debt service. In the event annual collections are not sufficient to meet the debt service payment, the Courts have committed to increasing the fees to meet the debt service payment, up to the \$50 allowed by State law. Excess fees collected will be retained as a reserve in the event filing fees collected in any fiscal year do not meet the annual debt service requirement.

The financing of the 1933 portion of the Historic Courthouse is being done out of sequence of the project construction process in order to take advantage of the current low interest rates; to take advantage of savings in the cost of issuance by a consolidating it with the refunding; and to make the financing large enough to attract competitive bond insurance bids.

In 1993 a number of CORAL bond issues were refunded through the 1993 Master Refunding Project. On November 1, 2003 the 1993 Master Refunding is eligible to be refunded as a current refunding. Based on the current interest rate environment, the refunding will realize approximately a 5.46% net present value savings.

The bond documents for the 1993 Master Refunding requires that \$1.6 million be withdrawn from the Debt Service Reserve Fund and applied to the November 1, 2003 debt service payment. With the refunding, the \$1.6 million can be brought into the General Fund and used for an eligible capital project. It is being recommended that the \$1.6 million be used for an existing cash-funded capital project (i.e. Sheriff's firing range) and a like amount be deposited into the Reserve for Economic Uncertainty Fund for future budget needs. The necessary budget adjustments will be made in the mid-year budget report, after the financing is completed.

RESOLUTION NO. 2003-493

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO FACILITIES LEASE, A FIRST SUPPLEMENTAL TRUST AGREEMENT AND A PURCHASE CONTRACT IN CONNECTION WITH THE EXECUTION AND DELIVERY OF ADDITIONAL CERTIFICATES OF PARTICIPATION WITH RESPECT TO THE HISTORIC COURTHOUSE PROJECT, AUTHORIZING THE EXECUTION AND DELIVERY OF A PROPERTY LEASE, A LEASE AGREEMENT AND A TRUST AGREEMENT IN CONNECTION WITH THE REFUNDING OF THE OUTSTANDING CERTIFICATES OF PARTICIPATION (1993 MASTER REFUNDING), AUTHORIZING THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the County of Riverside (the "County") and the County of Riverside Asset Leasing Corporation (the "Corporation") entered into a Site Lease, dated as of April 1, 1997 (the "Historic Courthouse Site Lease"), pursuant to which the County leased certain real property and all buildings and improvements situated thereon (the "Historic Courthouse Property"), as more particularly described in Exhibit A of the Historic Courthouse Site Lease, to the Corporation;

WHEREAS, pursuant to a Facilities Lease, dated as of April 1, 1997 (the "Historic Courthouse Facilities Lease"), between the Corporation and the County, the Corporation subleased the Historic Courthouse Property and leased certain improvements that were constructed and installed on the Historic Courthouse Property to the County, as described in Exhibit A to the Historic Courthouse Facilities Lease (the "Historic Courthouse Facilities" and, together with the Historic Courthouse Property, the "Historic Courthouse Leased Premises");

WHEREAS, in connection with entering into the Historic Courthouse Site Lease and the Historic Courthouse Facilities Lease, the County, the Corporation and U.S. Trust Company of California, National Association (the predecessor to BNY Western Trust Company), as trustee (the "Historic Courthouse Trustee"), entered into a Trust Agreement, dated as of April 1, 1997 (the "Historic Courthouse Trust Agreement"), pursuant to which \$21,834,878.60 aggregate initial principal amount of Certificates of Participation (Historic Courthouse Project) (the "Historic Courthouse Certificates") were executed and delivered by the Historic Courthouse Trustee;

WHEREAS, the proceeds of the Historic Courthouse Certificates were used to construct and install the Historic Courthouse Facilities;

WHEREAS, \$21,179,878.60 initial principal amount of the Historic Courthouse Certificates is currently outstanding under the Historic Courthouse Trust Agreement;

WHEREAS, the County has determined that it would be in the best interests of the County to construct and install additional improvements on the Historic Courthouse Property (the "Additional Historic Courthouse Facilities");

WHEREAS, to facilitate the payment of the costs to be incurred in connection with the construction and installation of the Additional Historic Courthouse Facilities, the County and the Corporation have determined that it is necessary and desirable to provide for the execution of Additional Certificates pursuant to Sections 2.12 and 2.13 of the Historic Courthouse Trust Agreement (the "Additional Historic Courthouse Certificates");

WHEREAS, in connection with the execution and delivery of Additional Historic Courthouse Certificates, certain amendments are required to be made to the Historic Courthouse Facilities Lease and the Historic Courthouse Trust Agreement;

WHEREAS, pursuant to Article XVIII of the Historic Courthouse Facilities Lease, the Historic Courthouse Facilities Lease may be amended in accordance with Section 6.02 of the Historic Courthouse Trust Agreement;

WHEREAS, pursuant to Section 6.02 of the Historic Courthouse Trust Agreement, the Historic Courthouse Facilities Lease may be amended in writing by agreement between the parties thereto, with the consent of the Trustee and MBIA Insurance Corporation (the "Insurer"), so long as the Insurer is not in default in its payment obligations under the Insurance Policy (as defined in the Historic Courthouse Trust Agreement), for the purpose of providing for the payment of New Base Rental (as defined in the Historic Courthouse Trust Agreement) in connection with the execution and delivery of Additional Historic Courthouse Certificates;

WHEREAS, pursuant to Section 6.01 of the Historic Courthouse Trust Agreement, the Historic Courthouse Trust Agreement may be amended by agreement between the parties with the written consent of the Insurer, so long as the Insurer is not in default of its payment obligations under the Insurance Policy, for the purpose of providing for the execution and delivery of Additional Certificates pursuant to and in accordance with Sections 2.12 and 2.13 of the Historic Courthouse Trust Agreement;

WHEREAS, the County has heretofore provided for the execution and delivery on December 2, 1993 Certificates of Participation (1993 Master Refunding Project) in the aggregate principal amount of \$33,640,000 (the "1993 Certificates") pursuant to that certain Trust Agreement, dated as of November 1, 1993, by and between the County and Bank of America National Trust and Savings Association (the predecessor to U.S. Bank National Association), as trustee; and

WHEREAS, the proceeds of the 1993 Certificates were used to refund certain outstanding obligations of the County secured by various facilities and property of the County (the "1993 Leased Premises"); and

WHEREAS, the 1993 Leased Premises were leased by the County to the Corporation pursuant to a Site and Facility Lease, dated as of November 1, 1993, and leased back to the County pursuant to a Sublease and Option to Purchase, dated as of November 1, 1993 (the "1993 Facilities Lease"); and

WHEREAS, the County desires to restructure its lease arrangement with respect to the 1993 Leased Premises to reduce its rental payments with respect to the 1993 Leased Premises and to provide for the financing of additional facilities necessary for the County

WHEREAS, in order to effectuate such purpose the County will exercise its option under the 1993 Facilities Lease to purchase the 1993 Leased Premises, thereby optionally prepaying the outstanding 1993 Certificates; and

WHEREAS, the Corporation and the County desire to enter into a Property Lease (the "2003 Property Lease"), dated as of November 1, 2003, pursuant to which the County agrees to lease certain property and facilities (the "2003 Leased Premises") to the Corporation; and

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

WHEREAS, the County and the Corporation desire to provide for the execution and delivery of not to exceed \$20,000,000 aggregate principal amount of County of Riverside Refunding Certificates of Participation (Capital Facilities Project), 2003 Series B (the "Series 2003 B Certificates"), to be executed and delivered by Wells Fargo Bank, National Association, as trustee (the "2003 Trustee") pursuant to a Trust Agreement (the "2003 Trust Agreement"), dated as of November 1, 2003, by and among the Corporation, the County and the 2003 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 2003 Property Lease and the 2003 Lease Agreement, including the right to receive payments of 2003 Base Rental due thereunder, to the 2003 Trustee for the benefit of the owners of the Series 2003 B Certificates; and

WHEREAS, there has been presented to this meeting and is now on file with the Clerk of the Board of Supervisors forms of the following documents:

- 1) First Amendment to Facilities Lease (the "First Amendment to Facilities Lease"), by and between the Corporation and the County, amending the Historic Courthouse Facilities Lease;
- 2) First Supplemental Trust Agreement (the "First Supplemental Trust Agreement"), by and among the County, the Corporation and the Historic Courthouse Trustee; and
- 3) the 2003 Property Lease;
- 4) the 2003 Lease Agreement;

- 5) the 2003 Trust Agreement;
- 6) Purchase Contract (the "Purchase Contract"), to be entered into by and among E.J. De La Rosa & Co., Inc. (the "Underwriter"), the County and the Corporation with respect to the Series 2003 B Certificates and the Additional Historic Courthouse Certificates;
- 7) Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"); and
- 8) Preliminary Official Statement relating to the sale of the Series 2003 B Certificates and the Additional Historic Courthouse (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 First Amendment to Facilities Lease, the First Supplemental Trust Agreement, the 2003 Property Lease, the 2003 Lease Agreement, the 2003 Trust Agreement, the Purchase Contract, the Continuing Disclosure Certificate, the Series 2003 B Certificates, the Additional Courthouse Certificates and the consummation of the financings 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 Board approves of and consents to the amendments to the Historic Courthouse Trust Agreement and the Historic Courthouse Facilities Lease for the purpose of financing of the Additional Historic Courthouse Facilities subject the satisfaction of the conditions for amendments contained in the Historic Courthouse Facilities Lease and the Historic Courthouse Trust Agreement.

Section 3. The proposed form of First Amendment to Facilities Lease on file with the Clerk of the Board is hereby approved, and 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 First Amendment to Facilities Lease 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 4. The form of First Supplemental Trust Agreement on file with the Clerk of the Board is hereby approved, and the Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to execute and deliver the First Supplemental Trust 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 5. The County hereby approves the execution and delivery of the Additional Historic Courthouse Certificates by the Historic Courthouse Trustee in an aggregate principal amount not to exceed \$12,000,000, and the sale of the Additional Historic Courthouse Certificates pursuant to the First Supplemental Trust Agreement and the Purchase Contract.

Section 6. 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 First Amendment to Facilities Lease and the First Supplemental Trust Agreement.

Section 7. 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 First Amendment to Facilities Lease and the First Supplemental Trust Agreement and carry out, give effect to and comply with the terms and intent of this Resolution, including, if requested by the Underwriter, the preparation and distribution of the Preliminary Official Statement in connection with the execution of the Additional Historic Courthouse Certificates. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 8. The proposed form of 2003 Property Lease on file with the Clerk of the Board is hereby approved and the Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to execute and deliver the 2003 Property Lease 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 9. The proposed form of 2003 Lease Agreement on file with the Clerk of the Board is hereby approved and the Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to execute and deliver the 2003 Lease 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 10. The proposed form of 2003 Trust Agreement on file with the Clerk of the Board is hereby approved and the Authorized Representatives are, and each of them acting alone is, hereby authorized and directed to execute and deliver the 2003 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 11. The form of Purchase Contract on file with the Clerk of the Board is hereby approved and 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 Purchase Contract 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 Purchase Contract, 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 B Certificates and the Additional Historic Courthouse Certificates, and are authorized to negotiate any and all other terms and agreements relating to the execution and delivery of the Series 2003 B Certificates and the Additional Historic Courthouse 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 Purchase Contract; *provided, however*, that the maximum interest rate with respect to the Series 2003 B Certificates and the Additional Historic Courthouse 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 B Certificates and the Additional Historic Courthouse Certificates) shall not exceed [] percent (%) of the aggregate principal amount of the Series 2003 B Certificates and the Additional Historic Courthouse 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 B Certificates and the Additional Historic Courthouse 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 12. The form of Continuing Disclosure Certificate on file with the Clerk of the Board is hereby approved and 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 13. 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 B Certificates and the Additional Historic Courthouse Certificates. The distribution of copies of the Preliminary Official Statement to persons who may be interested in the purchase of Series 2003 B Certificates and the Additional Historic Courthouse 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 14. The County hereby approves the execution and delivery of the Series 2003 B Certificates by the Trustee in an initial aggregate principal amount not to exceed \$20,000,000, and the sale of the Series 2003 B Certificates pursuant to the Purchase Contract.

Section 15. 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 2003 Property Lease, the 2003 Lease Agreement, the 2003 Trust Agreement, the Purchase Contract, the Continuing Disclosure Certificate and the Series 2003 B 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 16. 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 17. 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

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