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

**FROM:** County Executive Office

**SUBMITTAL DATE:**  
December 11, 2006

**SUBJECT:** Southwest Communities Financing Authority

**RECOMMENDED MOTION:** That the Board (1) Conduct a public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended, and Section 6586.5 of the California Government Code; (2) at the close of the public hearing approve Resolution 2006-471 approving the issuance by the Southwest Communities Financing Authority of one or more series of Lease Revenue Bonds with respect to an animal shelter, (3) approve Resolution 2006-472 authorizing proceedings and agreements relating to the financing of the acquisition and construction of an animal shelter, approving issuance and sale of bonds by the Southwest Communities Financing Authority, approving an Official Statement and authorizing official actions, and (4) approve Resolution 2006-473 declaring its intent to issue tax-exempt bonds to be used to reimburse the County for expenditures prior to the issuance of such bonds.

**BACKGROUND:** On November 30, 2004, the Board approved forming a Joint Powers Authority, the Southwest Communities Financing Authority (SCFA), including the County of Riverside along with the cities of Canyon Lake, Lake Elsinore, Murrieta and Temecula (the "Member Agencies") for the purpose of financing and constructing an animal shelter in the southwest portion of the county. (CONTINUED)

Dean Deines  
Deputy County Executive Officer

**FINANCIAL DATA**

Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	N/A
Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	N/A
Annual Net County Cost:	\$ 323,800	For Fiscal Year:	08-09

**SOURCE OF FUNDS:** Construction from Southwest Communities Financing Authority bonds. Debt Service repayment by Member Agencies.

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

- Consent
- Policy
- Consent
- Policy

RECORDED 13 NOV 11: 32

Dept Recomm.:  
Per Exec. Ofc.:

9 . 1

COUNTY CLERK  
DEC 13 2006  
BY [Signature]

## **Southwest Communities Financing Authority**

### **Page 2**

On January 12, 2006, the SCFA, through a Request for Qualifications process, entered into a Memorandum of Understanding with Animal Friends of the Valleys (AFV) to assist the SCFA in development and construction of an animal shelter, and operate the shelter once it is built.

#### **Public Hearing**

Because AFV, a non-profit organization, will be operating the shelter, federal tax law and state law requires the local government agency in which the financed facility is located to conduct a public hearing. Since the animal shelter will be located in an unincorporated area of the county it is necessary for the Board of Supervisors to conduct the public hearing. The purpose of the hearing is to allow public input on the public benefit of the financed facility. A public notice has been published as required by law. Resolution 2006-471 formalizes compliance with federal and state law.

#### **Authorization to Issue Bonds**

To provide the most cost effective financing it is being recommended that the lease with SCFA be secured by the County's obligation to make the full lease payments, thus taking advantage of the County's strong credit rating. Using the County's credit rating will allow the SCFA financing to receive a favorable rating, provide the opportunity to secure bond insurance and simplify disclosure requirements. This financing structure will mean a "savings" of approximately 8% over a financing structure where each Member Agency of the SCFA must participate in the financing. In exchange for the County using its credit, the County will assess each city a credit enhancement fee of 5% of their annual lease payment. The remaining 3% of the savings will be passed onto the cities. The credit enhancement fee will be held in trust to be used in the event that a Member Agency fails to make its annual lease payment to the County. The funds held in the trust will become available for County use upon the maturity of the bonds. As part of the recommended financing structure, the County will enter into subleases with each city for use of the shelter and to secure payment of each city's portion of the lease payment.

Repayment of the debt will be allocated to each Member Agency based on the number of animals sheltered by each agency. The percentage of animals sheltered by each Member Agency will be calculated on an annual basis each January, based on usage information for the preceding calendar year. The percentage will be used to allocate annual debt repayment for each Member Agency's upcoming fiscal year operating budget (percentage provided in January for July budget adoption). Under this method the County's current percentage is 30.6%.

Assuming a \$13.5 million construction cost financed for 30 years at a 5% interest rate (AAA rated), the County's debt repayment will be \$323,800 per fiscal year (30.6% of the \$1,058,000 total annual debt service) assuming that each of the other Member Agencies fulfills their annual lease payments (The County is obligated to make the full debt service payment which will be funded in part from the lease payments made by the other Member Agencies).

Resolution 2006-472 authorizes the SCFA to issue bonds in an amount not to exceed \$17 million and approves the financing documents.

**Reimbursement of Expenditures**

To accomplish preliminary review of the land on which the shelter is to be built, and to verify the cost estimate of the architect, the County, on behalf of the SCFA, incurred expenses to complete this work. The Resolution 2006-473 allows the County to be reimbursed for these expenses from the SCFA bond proceeds.

**The Project**

The proposed animal shelter will be built on land owned by the Elsinore Valley Municipal Water District and leased to AFV. AFV will lease the land to the SCFA for the period the bonds are outstanding. The project budget for the shelter is not to exceed \$13.5 million. The shelter, approximately 32,000 square foot, consists of administrative space, a classroom, clinic/medical space, holding areas to house animals, isolation rooms, adaptation area, public surrender and retrieval areas, and animal and building support areas.

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RESOLUTION NO. 2006-471

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE APPROVING THE ISSUANCE BY THE SOUTHWEST COMMUNITIES FINANCING AUTHORITY OF ONE OR MORE SERIES OF LEASE REVENUE BONDS WITH RESPECT TO AN ANIMAL SHELTER

WHEREAS, the Southwest Communities Financing Authority (the "Authority") has been asked by Animal Friends of the Valley, a California non-profit public benefit corporation ("AFV") to approve a plan of financing for an approximately 32,000 sq. ft. animal shelter located at 33751 Mission Trail, Lake Elsinore, California (the "Project") which would include the issuance of approximately \$17,000,000 aggregate principal amount Lease Revenue Bonds (Animal Shelter Project) in one or more series (the "Bonds"); and

WHEREAS, proceeds of the Bonds, if issued, would provide financing for the acquisition and construction of the Project to be owned by the Authority and operated by AFV; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires that the Bonds be approved by the "applicable elected representative" of the governmental unit issuing the Bonds after a noticed public hearing; and

WHEREAS, there has been duly published a notice of public hearing regarding the issuance of the Bonds in accordance with the requirements of Section 147(f) of the Code; and

WHEREAS, the Board of Supervisors of the County of Riverside (the "Board of Supervisors") has conducted a public hearing regarding the issuance of the Bonds; and

WHEREAS, the members of the Board of Supervisors are the applicable elected representatives to approve the issuance of the Bonds for purposes of the Code and determines

FORM APPROVED  
COUNTY COUNSEL

DEC 13 2006  
BY [Signature]

1 it to be in the public interest to protect public health and safety by providing an animal shelter  
2 for the communities which are members of the Authority; and

3 NOW, THEREFORE, the Board of Supervisors of the County of Riverside resolves as  
4 follows:

5 Section 1. The above recitals, and each of them, are true and correct.

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7 Section 2. The Board of Supervisors hereby approves the issuance by the Southwest  
8 Communities Financing Authority of the Bonds in an aggregate principal amount not to  
9 exceed \$17,000,000. This approval is intended to satisfy the requirements of Section 147(f)  
10 of the Code.

11 Section 3. The officers of the County are hereby authorized and directed, jointly and  
12 severally, to do any and all things to execute and deliver any and all documents and  
13 certificates which they may deem necessary or advisable in order to effectuate the purposes of  
14 this resolution; and such actions previously taken by such officers are hereby ratified and  
15 confirmed.  
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17 Section 4. This resolution shall take effect immediately after adoption.  
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1 PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of  
2 Supervisors of the County of Riverside on December 19, 2006, by the following vote:

3 AYES:

4 NOES:

5 ABSENT:

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7 \_\_\_\_\_  
Chairperson

8 ATTEST:

9  
10 \_\_\_\_\_  
Clerk of the Board

RESOLUTION NO. 2006-472

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING PROCEEDINGS AND AGREEMENTS RELATING TO THE FINANCING OF THE ACQUISITION AND CONSTRUCTION OF AN ANIMAL SHELTER, APPROVING ISSUANCE AND SALE OF BONDS BY THE SOUTHWEST COMMUNITIES FINANCING AUTHORITY, APPROVING AN OFFICIAL STATEMENT AND AUTHORIZING OFFICIAL ACTIONS

**WHEREAS**, the Southwest Communities Financing Authority (the "Authority") is a joint exercise of powers authority formed pursuant to a Joint Exercise of Powers Agreement originally executed by and among the County of Riverside (the "County"), the City of Canyon Lake ("Canyon Lake"), the City of Lake Elsinore ("Lake Elsinore"), the City of Murrieta ("Murrieta"), and the City of Temecula ("Temecula") (and together with the County, Canyon Lake, Lake Elsinore, Murrieta and Temecula, the "Member Agencies"), and authorized under said Agreement and under the laws of the State of California to finance the acquisition and construction of and operation of animal shelters serving its member communities; and

**WHEREAS**, the County and other Member Agencies have requested that the Authority issue its revenue bonds for the purpose of providing funds to construct the Animal Shelter to be located at 33751 Mission Trail, Lake Elsinore, California (the "Project") which will be owned by the Authority and operated by Animal Friends of the Valleys, a California non-profit public benefit corporation; and

**WHEREAS**, to provide such financing for the Project the Authority proposes to issue its revenue bonds in an aggregate original principal amount of not to exceed \$17,000,000 (the "Bonds") under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), which are

FORM APPROVED  
COUNTY COUNSEL

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1 proposed to be payable from lease payments to be paid to the Authority by the County pursuant  
2 to a lease agreement relating to the Project (the "Lease Agreement"); and

3         **WHEREAS**, each of the other Member Agencies shall pay lease payments to the County  
4 pursuant to separate sub-lease agreements relating to the Project (the "Sublease Agreements");

5         **WHEREAS**, under each separate Sub-Lease Agreement, each member agency will pay  
6 its proportionate share of the total lease payment due to the County based upon the prior calendar  
7 year's number of animals housed in the Project which were collected in the corporate boundaries  
8 of that member agency in relation to the total number of animals housed in the Project; and

9         **WHEREAS**, the proceeds of the Bonds deposited in the Project Fund will be applied by  
10 the Authority for the acquisition/construction and installation of the Project pursuant to an  
11 Agency Agreement between the Authority and the County; and

12         **WHEREAS**, the Authority has determined that the Bonds should be offered for sale on a  
13 negotiated basis by E. J. De La Rosa & Co., Inc. and has presented forms of a Purchase Contract  
14 (the "Purchase Contract") and an Official Statement describing the Bonds, to be used in  
15 connection with the marketing thereof; and

16         **WHEREAS**, the Board of Supervisors has conducted a noticed public hearing pursuant  
17 to Section 6586.5 of the California Government Code and published notice was given in  
18 accordance with the terms of the Government Code;

19         **NOW THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the  
20 Board of Supervisors of the County of Riverside as follows:

21         **SECTION 1 Findings and Determinations.** The Board of Supervisors finds and  
22 determines that it is in the prudent management of the fiscal affairs of the County that the  
23 proceeds to be deposited in the Project Fund will be used for the acquisition of the Project.  
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1 Pursuant to the Act, the Board of Supervisors hereby finds that the issuance of the Bonds  
2 by the Authority will result in savings in effective interest rates, underwriting costs and bond  
3 insurance costs and thereby result in significant public benefits within Section 6586 of the Act.

4 **SECTION 2 Approval of Bonds.** The Board of Supervisors hereby approves of  
5 the issuance of the Bonds by the Authority under and pursuant to the Act provided that the  
6 maximum aggregate principal amount of the Bonds shall not exceed \$17,000,000.  
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8 **SECTION 3 Approval of Financing Documents.** The Board of Supervisors  
9 hereby approves each of the following documents in substantially the respective forms on file  
10 with the Clerk of the Board of Supervisors, together with such additions thereto and changes  
11 therein as the Bond Counsel, County Counsel or the County Executive Officer shall deem  
12 necessary, desirable or appropriate, the execution of which by the County Executive Officer or  
13 the Deputy County Executive Officer shall be conclusive evidence of the approval of any such  
14 additions and changes.  
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16 (a) the Lease Agreement relating to the lease of the Project by the County from the  
17 Authority;

18 (b) the Sublease Agreement relating to the sub-lease by the Member Agencies of the  
19 Project from the County; and

20 (c) the Agency Agreement, by and between the County and the Authority.  
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22 The County Executive Officer or the Deputy County Executive Officer is hereby  
23 authorized and directed to execute, and the Clerk of the Board of Supervisors is hereby  
24 authorized and directed to attest and affix the seal of the County to, the final forms of each of the  
25 above-mentioned documents for and in the name and on behalf of the County.

26 **SECTION 4 Sale of Bonds.** The Board of Supervisors hereby approves the sale  
27 of the Bonds by the Authority by negotiated sale to E. J. De La Rosa & Co.; provided, that the  
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1 net interest cost for the Bonds shall not be more than 5.90% and the underwriter's discount shall  
2 not exceed 1.25% per annum.

3           **SECTION 5 Continuing Disclosure.** The Board of Supervisors approves the  
4 preparation of, and hereby authorizes the County Executive Officer and Deputy County  
5 Executive Officer to deem final within the meaning of Rule 15c2-12 of the Securities and  
6 Exchange Commission except for permitted omissions, a preliminary form of Official Statement  
7 describing the Bonds. The County Executive Officer and Deputy County Executive Officer are  
8 hereby directed to provide such necessary certification as to the accuracy and completeness of  
9 information pertaining to the County in the Preliminary and Final Official Statement. The Board  
10 of Supervisors has reviewed and approved the Continuing Disclosure Agreement and the County  
11 Executive Officer and the Deputy County Executive Officer are further authorized to sign the  
12 Continuing Disclosure Agreement on behalf of the County in such form as may be approved by  
13 the officer executing the same.  
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16           **SECTION 6 Official Actions.** The County Executive Officer and Deputy  
17 County Executive Officer, the Clerk of the Board of Supervisors and any and all other officers of  
18 the County are hereby authorized and directed, for and in the name and on behalf of the County,  
19 to do any and all things and take any and all actions, including obtaining a rating on the Bonds  
20 and/or a municipal bond insurance policy and a debt reserve fund surety bond, and including  
21 execution and delivery of any and all assignments, certificates, requisitions, agreements, notices,  
22 consents, instruments of conveyance, warrants and other documents, which they, or any of them,  
23 may deem necessary or advisable in order to consummate the transactions as described herein in  
24 connection with the issuance and sale of the Bonds.  
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26           **SECTION 7 Effective Date.** This Resolution shall take effect from and after the  
27 date of its passage and adoption.  
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RESOLUTION NO. 2006-473

RESOLUTION OF THE COUNTY OF RIVERSIDE  
DECLARING ITS INTENT TO ISSUE TAX-EXEMPT  
BONDS TO BE USED TO REIMBURSE THE COUNTY FOR  
EXPENDITURES PRIOR TO THE ISSUANCE OF SUCH  
BONDS

WHEREAS, the County of Riverside (the "County") desires and intends to participate in financing the construction, improvement, and equipping of buildings to be used as an animal shelter in furtherance of its governmental purposes (the "Project"); and

WHEREAS, the County expects to cause the issuance, delivery and sale of tax exempt obligations such as bonds, in one or more series, for the purpose of providing financing for a portion of the Project (the "Obligations"); and

WHEREAS, the County expects to incur certain expenditures relating to the Project and to pay for such expenditures from the County's moneys on hand prior to the execution of the Obligations (the "Reimbursement Expenditures"); and

WHEREAS, the County reasonably expects to use a portion of the proceeds of the Obligations to reimburse the County for expenditures made prior to the date the Obligations are issued;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AS FOLLOWS:

Section 1. Declaration of Official Intent. The County hereby declares its official intent, subject to the further approval of this Board, to use up to \$2,000,000 of the proceeds of the Obligations to reimburse itself for the Reimbursement Expenditures. It is intended that this Resolution shall constitute a declaration of "official intent" within the meaning of Section 1.150-2 of the Treasury Regulations promulgated under Section 150 of the Internal Revenue Code of 1986, as amended.

FORM APPROVED  
COUNTY COUNSEL

DEC 13 2006  
BY [Signature]



1 I, Nancy Romero, Clerk of the Board of Supervisors of the County of Riverside,  
2 do hereby certify that the foregoing Resolution No. \_\_\_\_\_ was duly and regularly adopted by  
3 the Board of Supervisors of the County of Riverside at a regular meeting thereof held on the 19th  
4 day of December, 2006.

5  
6 AYES:

7 NOES:

8 ABSENT:

9 ABSTAIN:

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11 \_\_\_\_\_  
12 Clerk of the Board of Supervisors  
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