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



SUBMITTAL DATE:
July 23, 2007

FROM: Executive Office

SUBJECT: Certificates Of Participation, Series 2007A and 2007B

RECOMMENDED MOTION: That Resolution #2007-387 authorizing and approving the issuance and sale of Certificates of Participation, 2007 Series A and 2007 Series B (Public Safety Communication Project); related agreements and documents; and authorizing the preparation of a Preliminary Official Statement and an Official Statement and other matters related thereto be approved.

BACKGROUND: On January 30, 2007, item #3.42, the Board approved Resolution #2007-047 authorizing the issuance of \$90,000,000 of Lease Anticipation Notes as an interim financing for the Public Safety Enterprise Communication Project (PSEC) while a long term financing plan was developed. Upon reviewing available options, staff is recommending a public offering through the County of Riverside Asset Leasing Corporation (CORAL) to replace the Lease Anticipation Notes.

(CONTINUED)


Dean Deines
Deputy County Executive Officer

FINANCIAL DATA	Current F.Y. Total Cost:	\$	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$	Budget Adjustment:	No
	Annual Net County Cost:	\$ 10,800,000 (debt service)	For Fiscal Year:	07/08

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

C.E.O. RECOMMENDATION:

APPROVE

BY: 
Bill Lutz

County Executive Office Signature

- Consent
- Policy
- Consent
- Policy

Dep't Recomm.:
Per Exec. Ofc.:

3.141

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

COUNTY COUNSEL

JUL 24 2007

BY:  Dale A. Gardner
County of Riverside Department of Administration

Certificates of Participation, Series 2007A and 2007B
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In addition to funding the PSEC project, the 2007 Certificates of Participation (COPs) will also refund the 1997 Lease Refunding Project COPs to provide the County with expected cashflow savings.

The majority of the County's outstanding 1997 COPs become callable on November 1, 2007. The 1997 COPs carry interest rates ranging from 4.70% to 5.50%, which are greater than the current market interest rates available to the County. The present value of the savings would need to be at least 3% to comply with the County's policy before the refunding will be executed, which will be reviewed at the time of pricing.

The Series 2007 COPs are expected to be issued both as fixed rate serial bonds (Series A - \$80,740,000) and as variable rate bonds (Auction Rate Securities – ARS) in the final maturities for the PSEC-related bonds (Series B - \$30,400,000). The goal of this structure is to provide the County with the lowest total costs of funds for the 2007 COPs and ensure savings for the refunding.

The 2007 COPs would be the County's first issuance of Auction Rate Securities (ARS), though not the first variable rate bonds for the County. The ARS are included in the bond structure to lower the expected interest cost of 2007 COPs. With the long-term average of the BMA index less than 3.5%, the County stands to save considerably versus fixed interest rates available for the maturities in 2018 and later (interest rates of 4.37 to 4.57% currently). In addition, ARS are more cost effective than the Variable Rate Demand Bonds the County currently have outstanding in that ARS do not require a Letter of Credit.

The COPs are expected to initially be secured with leases of certain existing County assets which would eliminate the need for a capitalized interest fund. The older portion of the Riverside County Administration Center (CAC) is being recommended to initially secure the 2007 COPs. In addition, with the refunding of the 1997 COPs, the County would have available the assets which were leased under the 1997 COPs. It is currently contemplated that upon completion of the PSEC project, the PSEC assets would replace the CAC as security for the 2007 COPs, though that must be negotiated with the bond insurer (when selected) and the credit rating agencies.

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RESOLUTION NO. 2007-387

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RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING AND APPROVING THE ISSUANCE AND SALE OF CERTIFICATES OF PARTICIPATION, 2007 SERIES A AND 2007 SERIES B (PUBLIC SAFETY COMMUNICATION PROJECT); THE REFINANCING OF CERTAIN 1997 CERTIFICATES OF PARTICIPATION; RELATED AGREEMENTS AND DOCUMENTS; AND AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT AND OTHER MATTERS RELATED THERETO

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WHEREAS, the County of Riverside (the "County") deems it to be in its best interests to authorize and approve the execution and delivery of its Certificates of Participation, 2007 Series A and 2007 Series B (Public Safety Communication Project) (the "Series 2007 Certificates"), the proceeds of which will be used by the County, among other things, to pay the costs of acquisition, construction, installation and delivery of an 800 MHz public safety radio communication system for the County (the "Project") and to refinance and prepay all or a portion of the outstanding amount of the County's Certificates of Participation (1997 Lease Refunding Project) dated September 15, 1997 (the "1997 Certificates");

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WHEREAS, in connection with the financing of the Project and the issuance of the Series 2007 Certificates, the County and the County of Riverside Asset Leasing Corporation (the "Corporation") propose to enter into: (i) a Site and Facilities Lease (as hereinafter defined) pursuant to which the County will agree to lease to the Corporation real property, buildings and improvements (collectively, the "Leased Premises"), and (ii) a Sublease and Option to Purchase (as hereinafter defined), pursuant to which the Corporation will agree to sublease the Leased Premises to the County in consideration for which the County will agree to make base rental payments ("Base Rental") and additional rental payments;

WHEREAS, the Corporation proposes to assign and transfer to Wells Fargo Bank, National Association, as trustee (the "Trustee"), pursuant to an Assignment Agreement (as hereinafter defined), all of its rights, title and interests (excluding its rights to indemnification and payment or reimbursement of its costs and expenses) in and to the Site and Facility Lease and the Sublease and Option to Purchase, including the right to receive payments of Base Rental under the Sublease and Option to Purchase;

1 WHEREAS, the Series 2007 Certificates will represent proportionate interests of the owners
2 thereof in rights under the Sublease and Option to Purchase including, without limitation, the right to
3 receive payments of Base Rental thereunder;

4 WHEREAS, the 2007 Series B Certificates may be initially offered as Auction Rate
5 Certificates requiring the County to enter into an Auction Agent Agreement and two Broker-Dealer
6 Agreements (each as hereinafter defined) and with respect to which the County may enter into a Swap
7 agreement (as hereinafter defined);

8 WHEREAS, the Corporation, the County and the Trustee propose to enter into a Trust
9 Agreement (as hereinafter defined) to, among other things, fix and declare the terms and conditions
10 upon which the Series 2007 Certificates are to be executed, delivered, secured and accepted and to
11 secure the payment thereof and the interest with respect thereto;

12 WHEREAS, the County deems it to be in its best interests to enter into negotiations with one
13 or more potential providers of credit enhancement with respect to the Series 2007 Certificates or a
14 guarantee of the Reserve Requirement (as defined in the Trust Agreement) for the Series 2007
15 Certificates as of the date of issuance thereof and to consider entering into an agreement or
16 agreements for such credit enhancement or guarantee;

17 WHEREAS, the County desires to participate in the issuance of the Series 2007 Certificates
18 pursuant to and in accordance with the Trust Agreement, and to approve all proper and necessary
19 documents and transactions in connection therewith;

20 WHEREAS, in connection with the refinancing and prepayment of the 1997 Certificates, the
21 County and the escrow agent named therein propose to enter into an Escrow Agreement (as
22 hereinafter defined) to provide and set aside the necessary funds;

23 WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule
24 15c2-12") requires that, in order to be able to purchase or sell the Series 2007 Certificates, an
25 underwriter must have reasonably determined that an obligated person has undertaken in a written
26 agreement or contract for the benefit of the holders of the Series 2007 Certificates to provide
27 disclosure of certain financial information and certain material events on an ongoing basis and, in
28 order to cause such requirement to be satisfied, the County proposes to execute and deliver a

1 Continuing Disclosure Agreement (the "Continuing Disclosure Certificate") in connection with the
2 execution and delivery of the Series 2007 Certificates; and

3 WHEREAS, the County is authorized to undertake all of the above pursuant to the laws of
4 the State of California.

5 NOW, THEREFORE, the Board of Supervisors of the County of Riverside does hereby
6 resolve, determine and order as follows:

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8 Section 1. The proposed form of Site and Facilities Lease (Public Safety Communication
9 Project 2007 Series A and 2007 Series B) (the "Site and Facilities Lease"), by and between the
10 County and the Corporation and in substantially the form on file with the Clerk of the Board, is
11 hereby approved. The County Executive Officer and any other authorized officers of the County
12 acting on behalf of the County Executive Officer (each an "Authorized Representative" and,
13 collectively, the "Authorized Representatives") are, and each of them acting alone is, hereby
14 authorized and directed, for and in the name of and on behalf of the County, to execute and deliver
15 the Site and Facilities Lease in substantially the form on file with the Clerk of the Board, with such
16 changes therein as such Authorized Representative executing and delivering such document may
17 require or approve, such requirement or approval to be conclusively evidenced by the execution and
18 delivery thereof.

19 Section 2. The proposed form of Sublease and Option to Purchase (Public Safety
20 Communication Project 2007 Series A and 2007 Series B) (the "Sublease and Option to Purchase"),
21 by and between the County and the Corporation and in substantially the form on file with the Clerk of
22 the Board, is hereby approved. The Authorized Representatives are, and each of them acting alone is,
23 hereby authorized and directed, for and in the name of and on behalf of the County, to execute and
24 deliver the Sublease and Option to Purchase substantially the form on file with the Clerk of the Board,
25 with such changes therein as the Authorized Representative executing and delivering such document
26 may require or approve, such requirement or approval to be conclusively evidenced by the execution
27 and delivery thereof.

28 Section 3. The proposed form of Trust Agreement (Public Safety Communication Project
2007 Series A and 2007 Series B) (the "Trust Agreement"), by and among the County, the
Corporation and the Trustee and in substantially the form on file with the Clerk of the Board, is

1 hereby approved. The Authorized Representatives are, and each of them acting alone is, hereby
2 authorized and directed, for and in the name of and on behalf of the County, to execute and deliver
3 the Trust Agreement in substantially the form on file with the Clerk of the Board, with such changes
4 therein as such Authorized Representative executing and delivering such document may require or
5 approve, such requirement or approval to be conclusively evidenced by the execution and delivery
6 thereof.

7 Section 4. The proposed form of Auction Agent Agreement (Public Safety Communication
8 Project 2007 Series B) (the "Auction Agent Agreement"), by and between the County, the Trustee
9 and Wells Fargo Bank, National Association, as Auction Agent, and in substantially the form on file
10 with the Clerk of the Board, is hereby approved. The Authorized Representatives are, and each of
11 them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the
12 County, to execute and deliver the Auction Agent substantially the form on file with the Clerk of the
13 Board, with such changes therein as the Authorized Representative executing and delivering such
14 document may require or approve, such requirement or approval to be conclusively evidenced by the
15 execution and delivery thereof.

16 Section 5. The proposed form of Broker-Dealer Agreements (Public Safety Communication
17 Project 2007 Series B) (the "Broker-Dealer Agreements"), by and between the County, the Auction
18 Agent and Lehman Brothers Inc., as Broker-Dealer, and the County, the Auction Agent and Merrill
19 Lynch, Pierce, Fenner & Smith Incorporated, as Broker-Dealer, in substantially the forms on file with
20 the Clerk of the Board, are hereby approved. The Authorized Representatives are, and each of them
21 acting alone is, hereby authorized and directed, for and in the name of and on behalf of the County, to
22 execute and deliver the Broker-Dealer Agreements substantially the forms on file with the Clerk of
23 the Board, with such changes therein as the Authorized Representative executing and delivering such
24 document may require or approve, such requirement or approval to be conclusively evidenced by the
25 execution and delivery thereof.

26 Section 6. The proposed form of Continuing Disclosure Certificate, in substantially the
27 form on file with the Clerk of the Board, is hereby approved. The Authorized Representatives are,
28 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 Continuing Disclosure Certificate in substantially the form
on file with the Clerk of the Board and presented to and considered at this meeting, with such changes

1 therein as the officer executing the same on behalf of the County may approve, in his or her
2 discretion, as being in the best interest of the County, such approval to be conclusively evidenced by
3 such officer's execution and delivery thereof.

4 Section 7. The proposed form of Purchase Contract (the "Purchase Contract"), by and
5 between the County and Lehman Brothers Inc., as representative of itself and the other underwriters
6 named therein (the "Underwriters"), and in substantially the form on file with the Clerk of the Board,
7 is hereby approved. The Authorized Representatives are, and each of them acting alone is, hereby
8 authorized and directed to negotiate the final terms and conditions of, and to execute and deliver to
9 the Underwriters, the Purchase Contract, in substantially the form on file with the Clerk of the Board
10 with such changes as the officer executing and delivering such document may require or approve,
11 such requirement or approval to be conclusively evidenced by the execution and delivery thereof. In
12 connection with the negotiation, execution and delivery of the Purchase Contract, the Authorized
13 Representatives are further authorized and directed to negotiate the price, interest rates, discount
14 provisions, dates, maturity dates, principal amounts and prepayment provisions with respect to the
15 Series 2007 Certificates, and are authorized to negotiate any and all other terms and agreements
16 relating to the issuance of the Series 2007 Certificates, as an Authorized Representative shall
17 determine to be in the best interests of the County, all to be conclusively evidenced by the execution
18 and delivery of the Purchase Contract; provided, however, that the interest rate with respect to the
19 Series 2007 Certificates shall not initially exceed six percent (6%) per annum and provided further
20 that the maximum aggregate underwriter's discount (excluding original issue discount, if any) from
21 the principal amount of the Series 2007 Certificates shall not exceed one-half of one percent (0.5%)
22 of the aggregate principal amount of the Series 2007 Certificates. All other terms and conditions shall
23 be consistent with and shall carry out the intention of this Board's approval, as set forth herein.

24 Section 8. All or any portion of the Series 2007 Certificates may be sold with such credit
25 enhancement (such as, but not limited to, a letter of credit or policy of municipal bond insurance) as
26 an Authorized Representative shall determine to be in the best interests of the County, such
27 determination to be conclusively evidenced by the execution and delivery on behalf of the County of
28 any documents required to be executed and delivered by or on behalf of the County relating to such
credit enhancement. The Authorized Representatives are hereby further authorized to purchase a
surety bond, letter or line of credit, or other form of guarantee to satisfy the Reserve Requirement
established under the Trust Agreement and to execute one or more financial guaranty agreements or

1 other documents relating to such guarantee. The Authorized Representatives are, and each of them is,
2 hereby authorized and directed to enter into negotiations with potential providers of such credit
3 enhancements or guarantees and further authorized and directed to enter into such agreements on
4 behalf of the County as may be necessary or advisable in connection with the foregoing arrangements.

5 Section 9. The County hereby approves the execution and delivery of the 2007 Series A
6 Certificates and the 2007 Series B Certificates by the Trustee in an aggregate amount not to exceed
7 \$125,000,000, and the sale of the Series 2007 Certificates pursuant to the Purchase Contract.

8 Section 10. The proposed form of preliminary official statement with respect to the Series
9 2007 Certificates (the "Preliminary Official Statement"), attached hereto as Exhibit A, is hereby
10 approved. The Authorized Representatives are, and each of them acting alone is, hereby authorized
11 and directed, for and in the name of and on behalf of the County, to execute and deliver the official
12 statement with respect to the Series 2007 Certificates (the "Official Statement"), in substantially the
13 form of the Preliminary Official Statement attached hereto as Exhibit A, with such changes thereto as
14 such Authorized Representative executing and delivering such document may require or approve,
15 such requirement or approval to be conclusively evidenced by the execution and delivery thereof.
16 The distribution of copies of the Preliminary Official Statement and Official Statement to persons
17 who may be interested in the purchase of Series 2007 Certificates is hereby authorized and approved.
18 The Authorized Representatives are, and each of them acting alone is, hereby authorized to certify to
19 the Underwriters on behalf of the County that the Preliminary Official Statement is deemed final as of
20 its date, within the meaning of Rule 15c2-12 (except for the omission of certain information as
21 permitted by such Rule).

22 Section 11. The County hereby authorizes any Authorized Representative to enter into on
23 behalf of the County, or to instruct the Trustee to enter into, one or more interest rate swaps or other
24 hedging products (collectively, the "Swap") providing for the exchange of designated cash flows on
25 such terms, including the term of the Swap up to the final maturity of the Series 2007 Certificates, as
26 such Authorized Representative shall deem appropriate. The County hereby finds and determines
27 that, pursuant to Section 5922 of the Government Code of the State of California, the Swap will
28 reduce the amount and duration of interest rate risk with respect to base rental payments made by the
County pursuant to the Sublease and Option to Purchase and is designed to reduce the amount or

1 duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in
2 combination with the Series 2007 Certificates.

3 Section 12. The County hereby authorizes any Authorized Representative to enter into on
4 behalf of the County, or to instruct the Trustee to enter into, one or more investment agreements,
5 swaps or other hedging products (collectively, the "Investment Agreement") providing for the
6 investment of moneys in any of the funds and accounts created under the Trust Agreement on such
7 terms, including maturities of investments up to the final maturity of the Certificates, as such
8 Authorized Representative shall deem appropriate. The County hereby finds and determines that,
9 pursuant to Section 5922 of the Government Code of the State of California, the Investment
10 Agreement will reduce the amount and duration of interest rate risk with respect to amounts invested
11 pursuant to the Investment Agreement and is designed to reduce the amount or duration of payment,
12 rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the
13 Series 2007 Certificates or enhance the relationship between risk and return with respect to
investments.

14 Section 13. The County hereby authorizes and approves the refinancing and prepayment of
15 the 1997 Certificates; provided that such refinancing creates (i) at least three percent (3%) anticipated
16 net present value savings if the refinancing is accomplished through the execution and delivery of
17 fixed rate certificates, variable rate (including auction rate) certificates or any combination thereof, or
18 (ii) at least five percent (5%) anticipated net present value savings if the refinancing is accomplished
19 through the utilization of alternative financing structures. The proposed form of Escrow Agreement
20 (the "Escrow Agreement") by and between the County and the escrow agent named therein, and in
21 substantially the form on file with the Clerk of the Board, is hereby approved. The Authorized
22 Representatives are, and each of them acting alone is, hereby authorized and directed, for and in the
23 name of and on behalf of the County, to execute and deliver the Escrow Agreement substantially in
24 the form on file with the Clerk of the Board, with such changes therein as the Authorized
25 Representative executing and delivering such document may require or approve, such requirement or
approval to be conclusively evidenced by the execution and delivery thereof.

26 Section 14. All actions heretofore taken by any officer of the County with respect to the
27 issuance and sale of the Series 2007 Certificates, the refinancing and prepayment of the 1997
28 Certificates, or in connection with or related to any of the agreements referred to herein, to the leasing

1 or subleasing of the Leased Premises or to the financing of the Project are hereby approved,
2 confirmed and ratified.

3 Section 15. The Authorized Representatives are, and each of them acting alone is,
4 authorized and directed to take any and all such actions, and to execute any and all such documents as
5 may be necessary or desirable to effectuate the purposes of this Resolution.

6 Section 16. The County Clerk shall certify to the passage of this Resolution, shall transmit a
7 copy hereof to the Corporation, and shall cause the action of the Board of Supervisors in adopting the
8 same to be entered in the official minutes of this Board of Supervisors.

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PASSED and ADOPTED by the Board of Supervisors of the County of Riverside on the
_____ day of _____, 2007.

Chairman of the Board of Supervisors

(SEAL)

ATTEST:

Clerk of the Board of Supervisors

FORM APPROVED
COUNTY COUNSEL

JUL 24 2007

BY *Dale A. Gardner*
Dale A. Gardner

1 **CERTIFICATE OF CLERK**

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3 I, Nancy Romero, Clerk of the Board of Supervisors of the County of Riverside, do hereby
4 certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular
5 meeting of the Board of Supervisors of the County of Riverside duly and regularly held at the regular
6 meeting place thereof on _____, 2007, of which meeting all of the members of said Board
7 had due notice.

8 AYES: Supervisors _____

9 NAYS: Supervisors _____

10 ABSENT: Supervisors _____

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12 I do hereby further certify that I have carefully compared the foregoing copy with the
13 original minutes of said meeting on file and of record in my office; that said copy is a full, true and
14 correct copy of the original resolution adopted at said meeting and entered in said minutes; and that
15 said resolution has not been amended, modified, rescinded or revoked in any manner since the date of
16 its adoption, and the same is now in full force and effect.

17 I do hereby further certify that an agenda for said meeting was posted at least seventy-two
18 (72) hours before said meeting at 4080 Lemon Street, Riverside, California, a location freely
19 accessible to members of the public, and a brief general description of said resolution appeared on
20 said agenda.

21 WITNESS my hand and the seal of the County of Riverside this _____ day of _____,
22 2007.

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25 Clerk of the Board of Supervisors

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27 [SEAL]

EXHIBIT A

FORM OF PRELIMINARY OFFICIAL STATEMENT

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