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

**FROM:** Department of Facilities Management

**SUBMITTAL DATE:**  
March 13, 2008

**SUBJECT:** Resolution No. 2008-029, Notice of Intention to Purchase Real Property in the City of Riverside and Resolution No. 2008-030, Notice of Intention to Reimburse the County of Riverside

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve Resolution No. 2008-029, Notice of Intention to Purchase Real Property located at 4275 Lemon Street, City of Riverside, California 92501, further described as Assessor's Parcel Number 215-292-011;
2. Approve resolution No. 2008-030, A Resolution of the Board of Supervisors of the County of Riverside Declaring its Intent to Reimburse the County of Riverside for Expenditures on the Acquisition of the subject property obligations to be issued by the County of Riverside and directing certain actions;

(Continued on Page 2)

Robert Field, Director  
Department of Facilities Management

RF:LGH:ra  
11.139/2008.02.314

<b>FINANCIAL DATA</b>	<b>Current F.Y. Total Cost:</b>	\$3,152,000	<b>In Current Year Budget:</b>	No
	<b>Current F.Y. Net County Cost:</b>	\$ -0-	<b>Budget Adjustment:</b>	Yes
	<b>Annual Net County Cost:</b>	\$ -0-	<b>For Fiscal Year:</b>	07/08

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

**C.E.O. RECOMMENDATION:** Defer property purchase to Capital Improvement Program recommendations report/workshop.

**County Executive Office Signature** Jennifer L. Sargent

Policy  
 Policy

Consent  
 Consent

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

Prev. Agn. Ref.:

District: 3

Agenda Number:

3.17

*Serena Chon*  
Reviewed by  
**CIP TEAM**  
*Serena Chon*

FORM APPROVED COUNTY COUNSEL  
BY: *Synthia M. Gunzel* 3-19-08  
DATE  
**SYNTHIA M. GUNZEL**  
Departmental Concurrence

Department of Facilities Management

Resolution No. 2008-029, Notice of Intention to Purchase Real Property in the City of Riverside and Resolution No. 2008-030, Notice of Intention to Reimburse the County of Riverside

March 13, 2008

Page 2

**RECOMMENDED MOTION:** (Continued)

3. Authorize the Department of Facilities Management to negotiate the purchase of the subject property from Frank C. Freitas, Sr. and Eleanor M. Freitas, Trustees of the Frank C. and Eleanor M. Freitas, Sr. Family Trust 1997 for a price not-to-exceed \$3,100,000;
4. Authorize the Department of Facilities Management to incur typical due diligence and transaction costs not-to-exceed \$52,000; and
5. Authorize the Executive Office to transfer \$52,000 from the General Fund Capital Project Designation account to the Department of Facilities Management (10000-7200400000) to cover various expenditures associated with this land acquisition transaction including due diligence costs, transaction costs, and staff time, with any unused funds to be returned to the General Fund Capital Project Designation account.

**BACKGROUND:** On March 2, 1988, the County of Riverside purchased the Public Defender's building and 1.04+/- acres from the Hutton Foundation creating a major land holding position on the 2.4 acre block bounded by Twelfth and Thirteenth Streets and Lemon and Orange Streets. One of the major remaining parcels is a 13,000 square foot gray wood framed office building located on 0.533 acres of land. The County has long rented this building from several owners. Presently there is only one private party in the building with the Public Defender occupying the remaining square footage. With the high percent of county occupancy, this enables the purchase to be bond financed.

This project is exempt from the provisions of the California Environmental Quality Act (CEQA), specifically by CEQA Guidelines: Section 15301, Class 1 – The proposed purchase does not include modification to the existing environment and does not involve a change in the existing use or expansion to the existing facility footprint and Section 15061 – With certainty, there is no possibility that the proposed project may have a significant effect on the environment.

Pursuant to CEQA Guidelines, Section 15062, a Notice of Exemption was filed with the Riverside County clerk on August 20, 2007, for public inspection for thirty (30) days. The public comment period closed September 30, 2007 and the statute of limitations period on legal challenges to the county's decision that the project is exempt from CEQA has completed.

(continued)

Department of Facilities Management  
Resolution No. 2008-029, Notice of Intention to Purchase Real Property in the City of  
Riverside and Resolution No. 2008-030, Notice of Intention to Reimburse the County of  
Riverside  
March 13, 2008  
Page 3

**BACKGROUND:** (continued)

County Counsel has reviewed and approved Resolution 2008-029, Notice of Intention to Purchase Real Property, and Resolution 2008-030, a Resolution of the Board of Supervisors of the County of Riverside Declaring its Intent to Reimburse the County of Riverside for Expenditures on the Acquisition of 4275 Lemon Street, City of Riverside, California obligations to be issued by the County of Riverside and Directing Certain Actions, as to legal form.

**FINANCIAL DATA:** The following summarizes the funding necessary to acquire Assessor's Parcel Number 215-292-011:

Purchase Price:	\$3,100,000
Estimated Title and Escrow Charges:	\$ 11,000
Due Diligence Expense:	\$ 25,000
DOFM Real Property Costs:	\$ 8,000
Appraisal Costs:	<u>\$ 8,000</u>
Total Estimated Acquisition Costs:	\$ 3,152,000

All necessary budget adjustments in support of this purchase will be brought forward to the Board under separate cover of the Notice of Authorization to Purchase.

2  
3 Resolution No. 2008-029  
4 Notice of Intention to Purchase Real Property  
4275 Lemon Street, City of Riverside, California  
5 0.533 Acres of APN: 215-292-011

6 BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Supervisors of the  
7 County of Riverside in regular session assembled on April 1, 2008, and NOTICE IS HEREBY  
8 GIVEN, pursuant to Section 25350 of the Government Code that this Board at its public  
9 meeting on April 29, 2008, at 9:00 a.m. in the meeting room of the Board of Supervisors located  
10 on the 1<sup>st</sup> floor of the County Administrative Center, 4080 Lemon Street, Riverside, California,  
11 intends to authorize a transaction in which the County of Riverside will purchase certain real  
12 property located at 4275 Lemon Street, City of Riverside, State of California, identified by  
13 Riverside County Assessor's Parcel Number 215-292-011, more particularly described in  
14 Exhibit "A" attached hereto and thereby made a part hereof consisting of one separate legal lot  
15 of 0.533 acres at a purchase price not-to-exceed Three Million One Hundred Thousand Dollars  
16 (\$3,100,000) plus miscellaneous escrow closing costs in the approximate amount of Eleven  
17 Thousand Dollars (\$11,000).

18 BE IT FURTHER RESOLVED AND DETERMINED that the Department of Facilities  
19 Management is to expend approximately forty-one thousand dollars (\$41,000) to complete due  
20 diligence on the property, consisting of a preliminary title report, appraisal costs, a hazardous  
21 materials survey and miscellaneous other studies as deemed necessary.

22 BE IT FURTHER RESOLVED AND DETERMINED that the Clerk of the Board of  
23 Supervisors is directed to give notice hereof as provided in Section 6063 of the Government  
24 Code.

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FORM APPROVED COUNTY COUNSEL  
BY: *Synthia M. Gunzel* 3-19-08  
SYNTHIA M. GUNZEL DATE

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BE IT FURTHER RESOLVED AND DETERMINED that the Director of the Department of Facilities Management, or his designee, is authorized to execute the necessary documents to complete this purchase of real property.

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LGH:ra  
03/13/08  
007CP  
11.140

1 Resolution No. 2008-030  
2 A Resolution of the  
3 Board of Supervisors of the County of Riverside  
4 Declaring Its Intent to Reimburse  
5 The County of Riverside  
6 For Expenditures on the Acquisition of  
7 4275 Lemon Street, City of Riverside  
8 Assessor's Parcel Number 215-292-011  
9 Obligations to Be Issued By  
10 The County of Riverside and Directing Certain Actions

11 WHEREAS, the County of Riverside (the "County") proposes to undertake acquisition  
12 services for 4275 Lemon Street, City of Riverside, California on behalf of the County of  
13 Riverside;

14 WHEREAS, the intent of the County is to issue (or cause a non-profit Public Benefit  
15 Corporation to issue) debt to finance the costs of the acquisition purchase price, title and  
16 escrow fees, staff expense, due diligence and pre-design of the facilities on a permanent basis  
17 (the "Debt"), and to use a portion of the proceeds of such debt to reimburse expenditures made  
18 by the County for the acquisition purchase price, title and escrow fees, staff expense, due  
19 diligence and pre-design of the facilities prior to the issuance of the Debt;

20 WHEREAS, this Resolution is intended to be a "declaration of official intent" in  
21 accordance with Treasury Regulations United States Income Tax Regulations section 1.150-2,  
22 which generally provides that proceeds of tax-exempt debt are not deemed to be expended  
23 when such proceeds are used for reimbursement of expenditures made prior to the date of  
24 issuance of such debt, unless certain procedures are followed, one of which is a requirement  
25 that (with certain exceptions), prior to the payment of any such expenditure, the issuer declares  
an intention to reimburse such expenditure;

WHEREAS, the County expects to expend funds (other than funds derived from the  
issuance of bonds) on expenditures relating to acquisition purchase price, title and escrow fees,  
staff expense, due diligence and pre-design of the facilities prior to the issuance of Debt, which

1 expenditures will be properly chargeable to a capital account under general federal income tax  
2 principles; and the County reasonably expects to be reimbursed for such development cost  
3 expenditures with the proceeds of the Debt;

4 WHEREAS, at the time of the reimbursement, the County will evidence the  
5 reimbursement in a writing which identifies the allocation of the proceeds of the Debt to the  
6 County, for the purpose of reimbursing the County for the acquisition purchase price, title and  
7 escrow fees, staff expense, due diligence and pre-design cost expenditures made prior to the  
8 issuance of debt;

9 WHEREAS, the County reasonably expects to make the reimbursement allocation no  
10 later than eighteen (18) months after the later of (i) the date on which the earliest original  
11 expenditure for the Facility is paid or (ii) the date on which such Facility is placed in service (or  
12 abandoned), but in no event later than three (3) years after the date on which the earliest  
13 original expenditure for the Facility is paid; and

14 WHEREAS, it is in the public interest and for the public benefit that the County declares  
15 its official intent to reimburse the expenditures referenced herein.

16 NOW, THEREFORE, BE IT RESOLVED, by the County of Riverside Board of  
17 Supervisors, as follows:

18 1. The County will undertake acquisition services for 4275 Lemon Street, in the City of  
19 Riverside on behalf of the County of Riverside.

20 2. The County hereby declares its intent to reimburse itself for (i) costs associated  
21 with the development of the facility prior to the date of issuance of the Obligations and (ii)  
22 to use a portion of the proceeds of the Obligations for reimbursement to the County for  
23 expenditures for the Facility that are paid before the date of issuance of the Obligations.

24 3. The County understands that, pursuant to United States Income Tax Regulations  
25 Section 1.150-2(d), in order for a reimbursement from Obligations for the cost of a portion of

1 the Facility to be deemed spent for federal income tax purposes, such reimbursement needs to  
2 occur no later than eighteen (18) months after the later of (i) the date such expenditure was  
3 paid, or (ii) the date the portion of the Facility for which such expenditure was made is placed in  
4 service, but in no event may any such expenditure being reimbursed be made more than three  
5 (3) years after such expenditure was paid.

6 The foregoing resolution was passed and adopted by the Board of Supervisors for the  
7 County of Riverside at a regular meeting held on the 1st day of April, 2008, by the following  
8 vote:

9  
10 YES:

11  
12 NO:

13  
14 ABSENT:

15  
16 ABSTAIN:

17 **ATTEST:**

18 Nancy Romero  
19 Clerk of the Board of Supervisors

20 By: \_\_\_\_\_  
21 Deputy

22 **APPROVED AS TO FORM:**

23 Joe S. Rank  
24 County Counsel

25 By: Synthia M. Gunzel  
Synthia M. Gunzel  
Deputy County Counsel