

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

366



**FROM:** COUNTY EXECUTIVE OFFICE

**SUBMITTAL DATE:**  
November 25, 2008

**SUBJECT:** Series 2008 Leasehold Revenue Refunding Bonds (Southwest Justice Center Refunding).

**RECOMMENDED MOTION:** That the Board of Supervisors approve Resolution No. 2008-398, authorizing and approving the issuance and sale of County of Riverside Asset Leasing Corporation Variable Rate Demand Leasehold Revenue Refunding Bonds, Series 2008 (Southwest Justice Center Refunding) to refund certain 2000 Series B Leasehold Revenue Bonds of the Corporation; authorizing entry into a Bond Purchase Contract, a Remarketing Agreement, an Escrow Agreement and a Reimbursement Agreement; and authorizing the preparation and distribution of a Preliminary Official Statement and an Official Statement; and certain other matters related thereto.

**BACKGROUND:** In May 2000 the Series 2000B (Southwest Justice Center Project) Lease Revenue Bonds were issued to fund the Southwest Justice Center Project (SWJC), which were insured by MBIA Insurance Corporation ("MBIA").

The downgrade of MBIA's credit rating from AAA to Baa1 has had an adverse effect on the adjustable interest rate borne by the 2000B Bonds. The 2000A fixed rate series is unaffected by the downgrade and will continue to be insured by MBIA, however it is being recommended that the 2000B series bonds be refunded with Series 2008 Bonds which will be insured by Assured Guaranty which is rated AAA.


(Continued on page 2)

  
Dean Deines, Deputy County Executive Officer


<b>FINANCIAL DATA</b>	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:	\$ N/A	For Fiscal Year:	2008/09

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

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

BY:   
Jay E. Orr

**County Executive Office Signature**

FORM APPROVED COUNTY COUNSEL  
BY:   
PAMELA J. WALLS  
DATE: 11/19/08

Departmental Concurrence

Consent  Policy

Consent  Policy

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

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In addition, Dexia, the current Letter of Credit provider for the 2000B Bonds, will be replaced by Union Bank of California. The SWAP Agreement with Citigroup Global Markets Inc. will remain in place and will be modified to include the Series 2008 Bonds and possibly a minor change in the pricing.

The Southwest Justice Center (SWJC) facilities will be pledged to the new 2008 refunding series. The 2000A series will be secured by the Riverside DPSS Admin Building.

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**RESOLUTION NO. 2008-398**

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING AND APPROVING THE ISSUANCE AND SALE OF COUNTY OF RIVERSIDE ASSET LEASING CORPORATION VARIABLE RATE DEMAND LEASEHOLD REVENUE REFUNDING BONDS, SERIES 2008A (SOUTHWEST JUSTICE CENTER REFUNDING) TO REFUND CERTAIN 2000 ADJUSTABLE RATE REVENUE BONDS OF THE CORPORATION; AUTHORIZING ENTRY INTO A FIRST AMENDMENT TO SITE LEASE, A FIRST AMENDMENT TO FACILITIES LEASE, A SITE LEASE, A FACILITIES LEASE, A BOND PURCHASE CONTRACT, A REIMBURSEMENT AGREEMENT, AND A REMARKETING AGREEMENT; AND AUTHORIZING THE PREPARATION AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT AND OTHER MATTERS RELATED THERETO

WHEREAS, in May of 2000 the County of Riverside Asset Leasing Corporation ("CORAL") issued its Adjustable Rate Revenue Bonds, Series 2000B (Southwest Justice Center Project) (the "Prior Bonds") which were insured by MBIA Insurance Corporation ("MBIA");

WHEREAS, the downgrading of MBIA's credit rating has had an adverse effect on the adjustable interest rate borne by the Prior Bonds.

WHEREAS, the County of Riverside (the "County") deems it to be in its best interests to authorize and approve the issuance by CORAL of its Variable Rate Demand Leasehold Revenue Refunding Bonds, Series 2008A (Southwest Justice Center Refunding) (the "2008A Bonds") to refund the Prior Bonds;

WHEREAS, in connection with the issuance of the Prior Bonds, CORAL and the County entered into a Site Lease (the "2000 Site Lease"), a Facilities Lease (the "2000 Facilities Lease") and an Indenture of Trust (the "2000 Indenture"), each dated as of May 1, 2000, pursuant to which the County leases to CORAL and then leases back from CORAL the real property, buildings and improvements comprising the Southwest Justice Center (the "Project"), in consideration for which the County makes base rental payments ("Base Rental") sufficient to pay the debt service on the Prior Bonds;

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1           WHEREAS, pursuant to a First Amendment to Site Lease by and between the County and the  
2 Corporation, dated as of December 1, 2008 (the "2000 Site Lease Amendment") and a First Amendment  
3 to Facilities Lease by and between the County and the Corporation, dated as of December 1, 2008 (the  
4 "2000 Facilities Lease Amendment"), the County and the Corporation will release the Project from the  
5 2000 Site Lease and the 2000 Facilities Lease and substitute in its place certain real property and  
6 improvements described therein (the "2000 Leased Premises"), all in accordance with the terms of the  
7 2000 Site Lease, the 2000 Facilities Lease and the 2000 Indenture;

8           WHEREAS, pursuant to a Site Lease by and between the County and the Corporation, dated as  
9 of December 1, 2008 (the "2008 Site Lease"), the County has agreed to lease the Project to the  
10 Corporation;

11           WHEREAS, pursuant to a Facilities Lease by and between the County and the Corporation,  
12 dated as of December 1, 2008 (the "2008 Facilities Lease"), the County has agreed to lease for County  
13 purposes the Project from the Corporation, and the Corporation has agreed to sublease the Project to the  
14 County in consideration for which the County has agreed to make certain payments of base rental and  
15 additional rental;

16           WHEREAS, CORAL, the County and U.S. Bank National Association, as Trustee (the  
17 "Trustee") propose to enter into an Indenture of Trust dated as of December 1, 2008 (the "2008  
18 Indenture") to, among other things, fix and declare the terms and conditions upon which the 2008A Bonds  
19 are to be issued, secured and accepted and to secure the payment thereof and the interest with respect  
20 thereto;

21           WHEREAS, the 2008A Bonds are expected to be initially offered as Variable Rate Demand  
22 Bonds requiring the County to enter into a Reimbursement Agreement and with respect to which the  
23 County may enter into or amend a Swap agreement (as hereinafter defined);

24           WHEREAS, the County has entered into negotiations with Union Bank of California, N.A. to  
25 provide a Letter of Credit pursuant to a Reimbursement Agreement to support the purchase price of the  
26 2008A Bonds tendered pursuant to the 2008 Indenture, as well as other payments to bond owners;

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1           WHEREAS, in connection with the refunding of the Prior Bonds, the County and the escrow  
2 agent named therein may enter into an Escrow Agreement to provide and set aside the necessary funds;

3           WHEREAS, the County desires to participate in the issuance of the 2008A Bonds pursuant to  
4 and in accordance with the 2008 Indenture, and to approve all proper and necessary documents and  
5 transactions in connection therewith; and

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

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

10           Section 1. The proposed forms of the 2000 Site Lease Amendment and the 2000 Facilities  
11 Lease Amendment, each by and between the County and CORAL in substantially the form on file with the  
12 Clerk of the Board are hereby approved. The County Executive Officer, the County Finance Director, the  
13 County Deputy Executive Officer and any other authorized officers of the County acting on behalf of the  
14 County Executive Officer (each an "Authorized Representative" and, collectively, the "Authorized  
15 Representatives") are, and each of them acting alone is, hereby authorized and directed, for and in the  
16 name of and on behalf of the County, to execute and deliver the 2000 Site Lease Amendment and the 2000  
17 Facilities Lease Amendment in substantially the forms on file with the Clerk of the Board, with such  
18 changes therein as the Authorized Representative executing and delivering such documents may require or  
19 approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof.

20           Section 2. The proposed forms of the 2008 Site Lease and the 2008 Facilities Lease, each by  
21 and between the County and the Corporation in substantially the forms on file with the Clerk of the Board  
22 are hereby approved. The Authorized Representatives are, and each of them acting alone is, hereby  
23 authorized and directed, for and in the name of and on behalf of the County, to execute and deliver the  
24 2008 Site Lease and the 2008 Facilities Lease in substantially the form on file with the Clerk of the Board,  
25 with such changes therein as the Authorized Representative executing and delivering such documents may  
26 require or approve, such requirement or approval to be conclusively evidenced by the execution and  
27 delivery thereof.

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1           Section 3. The proposed form of the 2008 Indenture, by and among the County, the Corporation  
2 and the Trustee in substantially the form on file with the Clerk of the Board, is hereby approved. The  
3 Authorized Representatives are, and each of them acting alone is, hereby authorized and directed, for and  
4 in the name of and on behalf of the County, to execute and deliver the 2008 Indenture in substantially the  
5 form on file with the Clerk of the Board, with such changes therein as the Authorized Representative  
6 executing and delivering such document may require or approve, such requirement or approval to be  
7 conclusively evidenced by the execution and delivery thereof.

8           Section 4. The proposed form of the Reimbursement Agreement, by and among the County and  
9 Union Bank of California, N.A. in substantially the form on file with the Clerk of the Board, is hereby  
10 approved. The Authorized Representatives are, and each of them acting alone is, hereby authorized and  
11 directed, for and in the name of and on behalf of the County, to execute and deliver the Reimbursement  
12 Agreement in substantially the form on file with the Clerk of the Board, with such changes therein as the  
13 Authorized Representative executing and delivering such document may require or approve, such  
14 requirement or approval to be conclusively evidenced by the execution and delivery thereof.

15           Section 5. The proposed form of Remarketing Agreement by and among the County, CORAL  
16 and Citigroup Global Markets Inc. in substantially the form on file with the Clerk of the Board is hereby  
17 approved. The Authorized Representatives are, and each of them acting alone is, hereby authorized and  
18 directed, for and in the name of and on behalf of the County, to execute and deliver the Remarketing  
19 Agreement substantially the form on file with the Clerk of the Board, with such changes therein as the  
20 Authorized Representative executing and delivering such document may require or approve, such  
21 requirement or approval to be conclusively evidenced by the execution and delivery thereof.

22           Section 6. The proposed form of Purchase Contract (the "Purchase Contract"), by and between CORAL,  
23 the County and Citigroup Global Markets Inc. (the "Underwriters"), in substantially the form on file with  
24 the Clerk of the Board, is hereby approved. The Authorized Representatives are, and each of them acting  
25 alone is, hereby authorized and directed to negotiate the final terms and conditions of, and to execute and  
26 deliver to the Underwriters, the Purchase Contract, in substantially the form on file with the Clerk of the  
27 Board with such changes as the officer executing and delivering such document may require or approve,  
28 such requirement or approval to be conclusively evidenced by the execution and delivery thereof.

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1 In connection with the negotiation, execution and delivery of the Purchase Contract, the Authorized  
2 Representatives are further authorized and directed to negotiate the price, interest rates, discount  
3 provisions, dates, maturity dates, principal amounts, purchase and redemption provisions with respect to  
4 the 2008A Bonds, and are authorized to negotiate any and all other terms and agreements relating to the  
5 issuance of the 2008A Bonds, as an Authorized Representative shall determine to be in the best interests  
6 of the County, all to be conclusively evidenced by the execution and delivery of the Purchase Contract;  
7 provided, however, that the interest rate with respect to the 2008A Bonds shall not initially exceed seven  
8 percent (7%) per annum and provided further that the maximum aggregate underwriter's discount  
9 (excluding original issue discount, if any) from the principal amount of the 2008A Bonds shall not exceed  
10 one percent (1%) of the aggregate principal amount of the 2008A Bonds. All other terms and conditions  
11 shall be consistent with and shall carry out the intention of this Board's approval, as set forth herein.

12 Section 7. The County hereby approves the issuance by CORAL of the 2008A Bonds in an  
13 aggregate principal amount not to exceed \$80,000,000, and the sale of the 2008A Bonds pursuant to the  
14 Purchase Contract.

15 Section 8. The proposed form of preliminary official statement with respect to the 2008A Bonds  
16 (the "Preliminary Official Statement"), attached hereto as Exhibit A, is hereby approved. The Authorized  
17 Representatives are, and each of them acting alone is, hereby authorized and directed, for and in the name  
18 of and on behalf of the County, to execute and deliver the official statement with respect to the 2008A  
19 Bonds (the "Official Statement"), in substantially the form of the Preliminary Official Statement attached  
20 hereto as Exhibit A, with such changes thereto as such Authorized Representative executing and  
21 delivering such document may require or approve, such requirement or approval to be conclusively  
22 evidenced by the execution and delivery thereof. The distribution of copies of the Preliminary Official  
23 Statement and Official Statement to persons who may be interested in the purchase of 2008 Bonds is  
24 hereby authorized and approved. The Authorized Representatives are, and each of them acting alone is,  
25 hereby authorized to certify to the Underwriters on behalf of the County that the Preliminary Official  
26 Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of  
27 certain information as permitted by such Rule).

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1           Section 9. The County hereby authorizes any Authorized Representative to enter into on behalf  
2 of the County, or to instruct the Trustee to enter into, or to amend, one or more interest rate swaps or other  
3 hedging products, including any amendment, modification, novation or termination of the existing swap  
4 entered into in connection with the 2000B Bonds (collectively, the "Swap") providing for the exchange of  
5 designated cash flows on such terms, including the term of any Swap up to the final maturity of the 2008A  
6 Bonds, as such Authorized Representative shall deem appropriate. The County hereby finds and  
7 determines that, pursuant to Section 5922 of the Government Code of the State of California, the Swap  
8 will reduce the amount and duration of interest rate risk with respect to base rental payments made by the  
9 County pursuant to the Facilities Lease and is designed to reduce the amount or duration of payment, rate,  
10 spread or similar risk or result in a lower cost of borrowing when used in combination with the 2008A  
11 Bonds.

12           Section 10. All or any portion of the 2008A Bonds may be sold with such credit enhancement  
13 (such as, but not limited to, a letter of credit or policy of municipal bond insurance) as an Authorized  
14 Representative shall determine to be in the best interests of the County, such determination to be  
15 conclusively evidenced by the execution and delivery on behalf of the County of any documents required  
16 to be executed and delivered by or on behalf of the County relating to such credit enhancement. The  
17 Authorized Representatives are hereby further authorized to purchase a surety bond, letter or line of credit,  
18 or other form of guarantee to satisfy the Reserve Requirement established under the 2008 Indenture and to  
19 execute one or more financial guaranty agreements or other documents relating to such guarantee. The  
20 Authorized Representatives are, and each of them is, hereby authorized and directed to enter into  
21 negotiations with potential providers of such credit enhancements or guarantees and further authorized  
22 and directed to enter into such agreements on behalf of the County as may be necessary or advisable in  
23 connection with the foregoing arrangements.

24           Section 11. The County hereby authorizes and approves the refunding and redemption of the  
25 Prior Bonds. The refunding is necessary to eliminate the adverse effects the MBIA insurance is having on  
26 the Prior Bond interest rate. The proposed form of Escrow Agreement (the "Escrow Agreement") by and  
27 between the County and the escrow agent named therein, and in substantially the form on file with the  
28 Clerk of the Board, is hereby approved. The Authorized Representatives are, and each of them acting

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

6 Section 12. All actions heretofore taken by any officer of the County with respect to the  
7 issuance and sale of the 2008A Bonds, the refunding and redemption of the Prior Bonds, or in connection  
8 with or related to any of the agreements referred to herein, to the leasing or subleasing of the Leased  
9 Premises or to the financing of the Project are hereby approved, confirmed and ratified.

10 Section 13. The Authorized Representatives are, and each of them acting alone is, authorized  
11 and directed to take any and all such actions, and to execute any and all such documents as may be  
12 necessary or desirable to effectuate the purposes of this Resolution.

13 Section 14. The County Clerk shall certify to the passage of this Resolution, shall transmit a  
14 copy hereof to CORAL, and shall cause the action of the Board of Supervisors in adopting the same to be  
15 entered in the official minutes of this Board of Supervisors.

16 **PASSED and ADOPTED** by the Board of Supervisors of the County of Riverside on the \_\_\_\_  
17 day of November, 2008.

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20 \_\_\_\_\_  
Chairman of the Board of Supervisors

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22 (SEAL)

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25 ATTEST:

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28 FORM APPROVED COUNTY COUNSEL  
BY: Pamela J. Walls 11/19/08  
PAMELA J. WALLS DATE

\_\_\_\_\_  
Clerk of the Board of Supervisors

1 **CERTIFICATE OF CLERK**

2 I, Nancy Romero, Clerk of the Board of Supervisors of the County of Riverside, do hereby  
3 certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting  
4 of the Board of Supervisors of the County of Riverside duly and regularly held at the regular meeting  
5 place thereof on November \_\_, 2008, of which meeting all of the members of said Board had due notice.

6 AYES: Supervisors \_\_\_\_\_

7 NAYS: Supervisors \_\_\_\_\_

8 ABSENT: Supervisors \_\_\_\_\_

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

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

17 WITNESS my hand and the seal of the County of Riverside this \_\_\_\_ day of \_\_\_\_\_, 2008.

18 \_\_\_\_\_  
19 Clerk of the Board of Supervisors

20 [SEAL]

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**EXHIBIT A**

**FORM OF PRELIMINARY OFFICIAL STATEMENT**

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