

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

438



FROM: Executive Office

SUBMITTAL DATE:
January 28, 2011

SUBJECT: Monroe Park Building Debt Refinancing

RECOMMENDED MOTION: That the Board of Supervisors approve Resolution No. 2011-026 authorizing and approving the execution and delivery of a Lease, a Sublease and an Assignment Agreement to refinance obligations incurred in the 2007 acquisition of the Monroe Park Office Building located in the City of Indio at 44199 Monroe St.

BACKGROUND: On May 22, 2007 (item 3.43a), this Board approved the purchase of 44199 Monroe St for \$10 million in cash and the assumption of a \$6 million outstanding note. The \$6 million was assumed by County Of Riverside Asset Leasing Corp. (CORAL) and CORAL makes the base rental payment to the lender. The terms of the note include a pre-payment option to occur in December of 2010. Currently, the funds are not available to pay off the remaining debt. The debt has now adjusted to a floating variable rate with a minimum interest rate of 6.6% per the current agreement. The debt is now scheduled to mature in 2019.

(Continued on page 2)

Christopher Hans, Deputy County Executive Officer

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 115,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

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

C.E.O. RECOMMENDATION: APPROVE

BY:
Jay E. Orr

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
BY: MARSHAL VICTOR
DATE: 1/27/11

Departmental Concurrence

- Consent
- Policy
- Consent
- Policy

Dept's Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.: 5/22/07 3.43a | District: 4 | Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.8

RE: Monroe Park Building Debt Refinancing

Date: January 28, 2011

Page 2

It is recommended that the debt be refinanced through private placement. A Request for Proposal (RFP) was distributed and responses will be evaluated February 7. This will secure a fixed rate and extend the maturity through 2020. As shown in the attached analysis, the expected interest rate is figured at 4.5% which results in a savings of approximately \$320,000 or 6 percent of the remaining loan cost. To achieve at least the 3 percent savings required by Board policy, a new interest rate no higher than 5.27% is required.

The building is currently occupied by County and Non-Profit organizations. It is recommended that a "Tax Equity and Fiscal Responsibility Act" of 1982 (TEFRA) hearing be held prior to final Board action to maintain a tax exempt status. The results of the RFP will be announced during this public hearing.

This item has been approved by the Debt Advisory Committee and the CORAL Board.

RESOLUTION NO. 2011-026

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A LEASE, A SUBLEASE AND AN ASSIGNMENT AGREEMENT TO REFINANCE OBLIGATIONS INCURRED IN THE 2007 ACQUISITION OF THE MONROE PARK OFFICE BUILDING

WHEREAS, in 2007 the County of Riverside (the "County") and the County of Riverside Asset Leasing Corporation (the "Corporation") jointly purchased the Monroe Park office building (the "Property"), as tenants in common, for a purchase price of approximately \$16 million, of which the County paid approximately \$10 million in cash and the Corporation assumed an obligation in the amount of approximately \$6 million (the "2007 Obligation"); and

WHEREAS, the County and the Corporation, as joint owners of the Property, leased the Property to the County under a Lease Agreement dated as of July 1, 2007 (the "2007 Lease"), pursuant to which the County made base rental payments sufficient to service the 2007 Obligation; and

WHEREAS, the interest rate on the 2007 Obligation has been recently adjusted upward according to the terms thereof to a materially higher rate and the County and the Corporation believe a lower interest cost can be achieved by prepaying and refinancing the 2007 Obligation and the 2007 Lease, and it is in the County's best interest to do so; and

WHEREAS, to secure funds to prepay and refinance the 2007 Obligation and the 2007 Lease, the County and the Corporation propose to enter into: (i) a Lease (as hereinafter defined) pursuant to which the County and the Corporation, as joint owners of the Property, will agree to lease the Property to the Corporation, and (ii) a Sublease (as hereinafter defined), pursuant to which the Corporation will agree to sublease the Property 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 a financial institution or other purchaser (the "Assignee") pursuant to an Assignment Agreement (as hereinafter defined) all of its rights, title and interests (excluding its rights to indemnification

FORM APPROVED COUNTY COUNSEL
BY: *M. Keeter*
MARSHAL VICTOR
DATE: 1/27/11

1 and payment or reimbursement of its costs and expenses) in and to the Lease and the
2 Sublease, including the right to receive payments of Base Rental under the Sublease, in
3 consideration of the Assignee's payment of amounts necessary to prepay the 2007
4 Obligation and the 2007 Lease; and

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

7 **NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF**
8 **RIVERSIDE** does hereby resolve, determine and order as follows:

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

21 **Section 2.** The proposed form of Sublease (Monroe Park Office Building) (the
22 "Sublease"), by and between the County and the Corporation and in substantially the form on
23 file with the Clerk of the Board, is hereby approved. The aggregate principal component of
24 base rental under the Sublease shall not exceed \$6 million, the interest component of base
25 rental under the Sublease shall not exceed 5% per annum and the term of the Sublease shall
26 not exceed 15 years. The Authorized Representatives are, and each of them acting alone is,
27 hereby authorized and directed, for and in the name of and on behalf of the County, to
28 execute and deliver the Sublease substantially in the form on file with the Clerk of the Board,
with such changes therein as the Authorized Representative executing and delivering such

1 document may require or approve, such requirement or approval to be conclusively
2 evidenced by the execution and delivery thereof.

3 **Section 3.** The proposed form of Assignment Agreement (Monroe Park Office
4 Building) (the "Assignment Agreement"), by and between the County and the Assignee and in
5 substantially the form on file with the Clerk of the Board, is hereby approved. The County
6 hereby authorizes and requests the authorized officers of the Corporation execute and
7 deliver the Assignment Agreement in substantially the form on file with the Clerk of the
8 Board, with such changes therein as such authorized officer executing and delivering such
9 document may require or approve, such requirement or approval to be conclusively
10 evidenced by the execution and delivery thereof.

11 **Section 4.** All actions heretofore taken by any officer of the County with respect to
12 the execution and delivery of the Lease, the Sublease or the Assignment Agreement, or in
13 connection with or related to any of the agreements referred to herein, to the leasing or
14 subleasing of the Property or to the prepayment and refinancing of the 2007 Obligation and
15 the 2007 Lease are hereby approved, confirmed and ratified.

16 **Section 5.** The Authorized Representatives are, and each of them acting alone is,
17 authorized and directed to take any and all such actions, and to execute any and all such
18 documents, including, without limitation, documents prepaying and refinancing the 2007
19 Obligation and the 2007 Lease, as may be necessary or desirable to effectuate the purposes
20 of this Resolution.

21 **Section 6.** The Clerk of the Board shall certify to the passage of this Resolution,
22 shall transmit a copy hereof to the Corporation, and shall cause the action of the Board of
23 Supervisors in adopting the same to be entered in the official minutes of this Board of
24 Supervisors.

PASSED and ADOPTED by the Board of Supervisors of the County of Riverside on
the ____ day of _____, 2011.

Chairman of the Board of Supervisors

(SEAL)

ATTEST:
KEICA HARPER-IHEM
Clerk of the Board

Deputy

CERTIFICATE OF CLERK

I, Kecia Harper-Ihem, Clerk of the Board of Supervisors of the County of Riverside, do hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Supervisors of the County of Riverside duly and regularly held at the regular meeting place thereof on _____, 2011, of which meeting all of the members of said Board had due notice.

AYES: Supervisors _____

NAYS: Supervisors _____

ABSENT: Supervisors _____

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

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

WITNESS my hand and the seal of the County of Riverside this _____ day of _____, 2011.

Clerk of the Board of Supervisors

[SEAL]

WHEN RECORDED RETURN TO:

Nixon Peabody LLP
555 West Fifth Street, 46th Floor
Los Angeles, California 90013
Attn: Charles Wolf, Esq.

THIS DOCUMENT IS RECORDED FOR THE BENEFIT OF THE COUNTY OF RIVERSIDE AND THE RECORDING IS FEE-EXEMPT UNDER SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

**LEASE
(MONROE PARK OFFICE BUILDING)**

by and between

**COUNTY OF RIVERSIDE
and
COUNTY OF RIVERSIDE ASSET LEASING CORPORATION,
as, collectively, Lessor**

and

**COUNTY OF RIVERSIDE ASSET LEASING CORPORATION,
as Lessee**

Dated as of February 1, 2011

TABLE OF CONTENTS

	Page
Section 1. Definitions	1
Section 2. Purpose and Term	2
Section 3. Rental.....	2
Section 4. Default	3
Section 5. Eminent Domain.....	3
Section 6. Right of Entry	4
Section 7. Quiet Enjoyment by the Corporation.....	4
Section 8. Waiver of Personal Liability.....	4
Section 9. Assignment	4
Section 10. Notices	4
Section 11. Validity and Severability	5
Section 12. Section Headings	5
Section 13. Law Governing	5
Section 14. Execution in Counterparts	5
EXHIBIT A - DESCRIPTION OF PROPERTY	A-1

**LEASE
(MONROE PARK OFFICE BUILDING)**

THIS LEASE (MONROE PARK OFFICE BUILDING) (this "Lease"), dated as of February 1, 2011, is by and between the COUNTY OF RIVERSIDE (the "County"), a county and political subdivision of the State of California organized and existing under the laws of the State of California, and the COUNTY OF RIVERSIDE ASSET LEASING CORPORATION (the "Corporation"), a nonprofit public benefit corporation organized and existing under the laws of the State of California, collectively as joint owners and lessor, and the CORPORATION, as lessee;

WITNESSETH:

WHEREAS, the County and the Corporation presently own, as tenants in common, the real property and the improvements thereon described in Exhibit A hereto (the "Property"), and desire to lease the Property to the Corporation; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of the Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants contained herein and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof have the meanings defined herein. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Sublease.

"Assignee" means [] and its successors, as assignee under the Assignment Agreement.

"Assignment Agreement" means the Assignment Agreement (Monroe Park Office Building), dated as of February 1, 2011 and recorded concurrently herewith, by and between the Corporation and the Assignee, as originally executed and entered into and as it may from time to time be amended in accordance with its terms.

"Corporation" means the County of Riverside Asset Leasing Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State of California, and its successors.

"County" means the County of Riverside, a county and political subdivision of the State of California organized and existing under the laws of the State of California, and its successors.

"Expiry Date" means December 1, 2020.

"Lease" means this Lease (Monroe Park Office Building), dated as of February 1, 2011, by and between the County and the Corporation, as joint owners and lessor, and the Corporation, as lessee, as originally executed and entered into and as it may from time to time be amended in accordance with its terms.

"Owner" means, collectively, the County and the Corporation as joint owners by tenants in common of the Property.

"Property" means the real property and improvements thereon described in Exhibit A hereto, as such property description may be amended or modified (including the release, addition or substitution of property as part of the Property), in accordance with Section 2.04 of the Sublease, subject, however, to Permitted Encumbrances.

"Sublease" means the Sublease (Monroe Park Office Building), dated as of February 1, 2011 and recorded concurrently herewith, by and between the Corporation, as lessor, and the County, as lessee, as originally executed and entered into and as it may from time to time be amended in accordance with its terms.

Section 2. Purpose and Term. (a) The Owner hereby leases to the Corporation and the Corporation hereby hires from the Owner, on the terms and conditions hereinafter set forth, the Property. The parties hereto hereby agree that said lease of the Property by the Owner to the Corporation serves the public purposes of the County and the Corporation.

(b) The term of this Lease shall commence on February [], 2011 or the date the Lease is recorded, whichever is earlier, and shall end on the Expiry Date, unless such term is extended or sooner terminated as hereinafter provided. If on an Expiry Date, the principal components of the Base Rental Payments and all Additional Rental shall not have been paid, or provision therefor made in accordance with Section 8.02 of the Sublease, for any reason, including, without limitation, because the Base Rental Payments shall have been abated at any time and for any reason, then the term hereof shall be extended until ten days after all the principal components of the Base Rental Payments and all Additional Rental have been paid, or provision therefor made in accordance with Section 8.02 of the Sublease, except that the term hereof shall in no event be extended beyond ten years after the Expiry Date. If prior to the Expiry Date, the principal components of the Base Rental Payments and all Additional Rental have been paid, or provision therefor made, the term hereof shall end on such date.

(c) The Corporation covenants that during the term of this Lease, except as hereinafter provided, it will use, or cause the use of, the Property for County purposes and for all purposes incidental thereto; provided, however, that in the event of default by the County under the Sublease, the Corporation may exercise the remedies provided in the Sublease.

Section 3. Rental. The Corporation agrees to pay to the Owner as advance rental for the use and right to possession of the Property for the term of this Lease the sum of \$[5,600,000]. Said advance rental shall be paid from proceeds of the assignment of this Lease and the Sublease to the Assignee. The Corporation hereby waives any right that it may have under the laws of the State of California to a rebate of such rental in full or in part in the event there is substantial

interference with the use and right to possession by the Corporation of the Property or portion thereof as a result of material damage, destruction or condemnation.

Section 4. Default. (a) The Corporation shall be deemed to be in default hereunder:

(i) if the Corporation shall fail to keep, observe or perform any term, covenant or condition contained herein to be kept or performed by the Corporation, or

(ii) if (A) the Corporation's interest in this Lease or any part thereof be assigned or transferred without the written consent of the County, either voluntarily or by operation of law or otherwise, other than such an assignment and transfer to the Assignee or a transferee to which the Assignee is authorized to make such an assignment and transfer pursuant to the Assignment Agreement, or (B) any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency or similar law or any law providing for the appointment of a receiver, liquidator, trustee or similar official of the Corporation or of all or substantially all of its assets is instituted by or with the consent of the Corporation, or is instituted without its consent and is not permanently stayed or dismissed within 60 days, or if the Corporation offers to the Corporation's creditors to effect a composition or extension of time to pay the Corporation's debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for readjustment of the Corporation's debts, or if the Corporation shall make a general assignment or any assignment for the benefit of the Corporation's creditors.

(b) Upon any such default it shall be lawful for the Owner to exercise any and all rights and remedies available pursuant to law, except that no merger of this Lease and of the Sublease shall be deemed to occur as a result thereof; provided, however, that the Owner shall have no power to terminate this Lease by reason of any default on the part of the Corporation.

(c) Neither the Owner nor the Corporation shall in any event be in default in the performance of any of its obligations hereunder or imposed by law unless and until the Owner or the Corporation (as the case may be) shall have failed to perform such obligations within 60 days or such additional time as is reasonably required to correct any such default after notice by the Corporation or the Owner to the nonperforming party properly specifying wherein such party has failed to perform any such obligation.

(d) Failure of the Owner to take advantage of any default on the part of the Corporation shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this Lease be construed to waive or to lessen the right of the Owner to insist upon performance by the Corporation of any term, covenant or condition hereof, or to exercise any rights given the Owner on account of such default. A waiver of a particular default shall not be deemed to be a waiver of a subsequent default of the same kind or any other subsequent default. The acceptance of rent hereunder shall not be, nor be construed to be, a waiver of any term, covenant or condition of this Lease.

Section 5. Eminent Domain. If the whole or any part of the Property shall be taken under the power of eminent domain, the interest of the Corporation shall be recognized and is hereby determined to be the amount of the unpaid principal and interest components of Base

Rental Payments due under the Sublease, and the amount of the unpaid Additional Rental due under the Sublease, and the balance of the award, if any, shall be paid to the Owner.

Section 6. Right of Entry. The Owner and its assignees shall have the right to enter the Property during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the Owner's or the Corporation's rights or obligations under this Lease or the Sublease, and (c) for all other lawful purposes.

Section 7. Quiet Enjoyment by the Corporation. The Corporation shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Owner. Notwithstanding the foregoing, the Corporation shall not have any right to receive a rebate of the advance rental paid pursuant to Section 3 hereof or any portion thereof in the event there is a substantial interference with the use and right to possession by the Corporation of the Property as a result of material damage, destruction or condemnation.

Section 8. Waiver of Personal Liability. All liabilities under this Lease on the part of the Corporation shall be solely liabilities of the Corporation, as a public entity and agency, and the Owner hereby releases each and every member, director, officer, agent, or employee of the Corporation of and from any personal or individual liability under this Lease. No member, director, officer, agent, or employee of the Corporation shall at any time or under any circumstances be individually or personally liable under this Lease to the Owner or to any other party for any act or omission of the Corporation hereunder.

Section 9. Assignment. The Owner understands and agrees that, upon the execution and delivery of the Assignment Agreement (which is occurring simultaneously with the execution and delivery hereof), all right, title and interest of the Corporation in and to this Lease will be sold, transferred, delivered, assigned and conveyed to the Assignee. The County hereby consents to such sale, transfer, delivery, assignment and conveyance. Upon the execution and delivery of the Assignment Agreement, references in the operative provisions of this Lease to the Corporation shall be deemed to be references to the Assignee, as assignee of the Corporation. The Corporation shall not otherwise have any rights to assign or sublet the Property (other than in connection with the exercise of remedies upon an Event of Default under the Sublease).

Section 10. Notices. All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States first class mail, postage prepaid, to its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the County: County of Riverside
 Fourth Floor
 4080 Lemon Street
 Riverside, CA 92501-3651
 Attention: County Executive Officer

If to the Corporation: County of Riverside Asset Leasing Corporation
c/o County of Riverside
Fourth Floor
4080 Lemon Street
Riverside, CA 92501-3651
Attention: County Executive Officer

Section 11. Validity and Severability. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the Owner or Corporation shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed severable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof. The Owner and Corporation hereby declare that they would have executed and entered into this Lease and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstances may be held to be unconstitutional, unenforceable or invalid.

Section 12. Section Headings. All section headings contained are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

Section 13. Law Governing. This Lease shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

Section 14. Execution in Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same Lease. It is also agreed that the Corporation and the Owner may each execute separate counterparts of this Lease, all with the same force and effect as though both had executed the same counterpart.

IN WITNESS WHEREOF, the Owner and the Corporation have caused this Lease to be executed by their respective duly authorized officers, all as of the day and year first above written.

**COUNTY OF RIVERSIDE, as Co-Owner
Lessor**

By: _____

Attest:

Clerk of the Board of Supervisors

**COUNTY OF RIVERSIDE ASSET
LEASING CORPORATION, as Co-
Owner Lessor**

By: _____

Attest:

Secretary

**COUNTY OF RIVERSIDE ASSET
LEASING CORPORATION, as Lessee**

By: _____

Attest:

Secretary

EXHIBIT A

DESCRIPTION OF PROPERTY

All of that certain real property and improvements thereon situated in the County of Riverside, State of California, described as follows:

[To Come]

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Lease Agreement (Monroe Park Office Building), dated as of February 1, 2011, by and between the County of Riverside (the "County") and the County of Riverside Asset Leasing Corporation (the "Corporation"), as joint owners and lessor, and the Corporation, as lessee, from the County to the Corporation, is hereby accepted by the undersigned on behalf of the Corporation pursuant to authority conferred by resolution of the Board of Directors of the Corporation adopted on February [], 2011, and the Corporation consents to recordation thereof by its duly authorized officer.

Dated: February [], 2011

**COUNTY OF RIVERSIDE ASSET
LEASING CORPORATION**

By: _____

