

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

619



**FROM:** Executive Office

**SUBMITTAL DATE:**  
January 19, 2012

**SUBJECT:** Refunding of the 2001 Certificate of Participation (County Administrative Center Annex Project)

**RECOMMENDED MOTION:** That the Board of Supervisors approve and adopt Resolution No. 2012-043 authorizing and approving the refunding of the 2001 Certificate of Participation (County Administrative Center Annex Project); and the issuance and sale of the County of Riverside Asset Leasing Corporation Lease Revenue Bonds (2012 County administrative Center Refunding Project); and related agreements and documents related thereto.

**BACKGROUND:** On July 1, 2001, the County of Riverside Asset Leasing Corporation (CORAL), the County of Riverside (County), and Wells Fargo Bank, National Association (Trustee) entered into a Trust Agreement to issue the 2001 Certificate of Participation (County Administrative Center Annex Project) ("CAC Annex Project") in the amount of \$38,075,000. Currently, \$31,365,000 of the original amount is outstanding.

*Christopher Hans*

Christopher Hans  
Chief Deputy County Executive Officer

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 250,000.00	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011-2012

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

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

APPROVE  
*Jay E. Orr*  
BY: Jay E. Orr

**County Executive Office Signature**

FORM APPROVED COUNTY COUNSEL  
BY: *Hans & Victor* 1/24/12 DATE  
MARSHA L. VICTOR

- Policy
- Policy
- Consent
- Consent

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

**Prev. Agn. Ref.:** | **District:** All | **Agenda Number:**

3.24

RE: Refunding of the 2001 Certificate of Participation (County Administrative Center Annex Project)

Date: January 19, 2012

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Current market conditions make it profitable to refund the outstanding CAC Annex Project bonds with a new series of bonds. This financing provides the County with approximately a 5% savings, which exceeds the Board Policy B-24 requirement of at least a 3% savings. Yearly savings will be about \$120,000. In addition, this refunding will not extend the bond maturity date.

The refunding allows for the financing of an additional \$3.1 million for the acquisition of two buildings in Indio currently being leased by the County. These properties are located at 47-940 and 47-950 Arabia Street, Indio and are occupied by County departments. The additional cost of adding the \$3.1 million will be about \$240,000 per year. Yet the purchase of these buildings will allow one occupant, Department of Child Social Services, to receive additional federal and state revenue. This additional revenue will save the general fund about \$402,000 beginning in FY 12/13.

If approved, staff recommends issuing approximately \$35.5 million in fixed interest rate bonds with a level debt service structure. The savings will be level through the life of the bonds and there will be a reserve fund in the amount of \$2.68 million. The average annual debt service is anticipated to be about \$2.44 million, which is lower than the current average annual debt service of \$2.55 million.

This item is recommended for approval by the Debt Advisory Committee and will go to the County of Riverside Asset Leasing Corporation board on February 1, 2012.

2  
3 **RESOLUTION NO. 2012-043**

4 RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
5 COUNTY OF RIVERSIDE AUTHORIZING AND APPROVING THE  
6 REFUNDING OF THE COUNTY'S CERTIFICATES OF  
7 PARTICIPATION (COUNTY ADMINISTRATIVE CENTER ANNEX  
8 PROJECT); THE ISSUANCE AND SALE OF THE COUNTY OF  
9 RIVERSIDE ASSET LEASING CORPORATION LEASE REVENUE  
10 BONDS (2012 COUNTY ADMINISTRATIVE CENTER REFUNDING  
11 PROJECT); RELATED AGREEMENTS AND DOCUMENTS; AND  
12 AUTHORIZING THE PREPARATION OF A PRELIMINARY  
13 OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT AND  
14 OTHER MATTERS RELATED THERETO

15 WHEREAS, the County of Riverside (the "County"), the County of Riverside Asset Leasing  
16 Corporation (the "Corporation") and Wells Fargo Bank, National Association, as trustee (the "Prior  
17 Trustee") entered into an Indenture, dated as of July 1, 2001, pursuant to which the County provided for  
18 the execution and delivery by the Prior Trustee of \$38,075,000 aggregate principal amount of County of  
19 Riverside Certificates of Participation (County Administrative Center Annex Project) (the "2001  
20 Certificates"), of which \$31,365,000 are currently outstanding, representing proportionate interests of  
21 the owners thereof in the Facilities Lease, dated as of July 1, 2001, by and between the County and the  
22 Corporation (the "Prior Facilities Lease"), including, without limitation, the right to receive payments of  
23 Base Rental thereunder; and

24 WHEREAS, the Corporation assigned and transferred certain of its rights, title and interests in  
25 and to the Prior Facilities Lease to the Prior Trustee pursuant to the Assignment Agreement, dated as of  
26 July 1, 2001 (the "Prior Assignment Agreement"); and

27 WHEREAS, the County has now determined that it is in its best interest to authorize and approve  
28 the execution and delivery by the Corporation of its Lease Revenue Bonds (2012 County Administrative  
Center Refunding Project) (the "2012 Bonds") to refund the 2001 Certificates and to finance the  
acquisition of two office buildings currently leased by the County and located at 47-940 and 47-950  
Arabia Street, Indio, California (the "Indio Properties"); and

WHEREAS, in connection with the execution and delivery of the 2012 Bonds, the County and  
the Corporation propose to enter into: (a) a Master Site 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 (b) a Lease Agreement (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 Payments") and additional  
rental payments; and

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

FORM APPROVED COUNTY COUNSEL  
BY: *Marshall Victor* / 1/24/12 / DATE  
MARSHAL VICTOR

1 of its costs and expenses) in and to the Master Site Lease and the Lease Agreement, including the right  
2 to receive Base Rental Payments under the Lease Agreement; and

3 WHEREAS, the Corporation and the Trustee propose to enter into a Master Indenture of Trust,  
4 together with a First Supplemental Trust Indenture, each by and between the Corporation and the  
5 Trustee, and in substantially the forms on file with the Clerk of the Board dated as of February 1, 2012  
6 (together, the "Indenture") to, among other things, fix and declare the terms and conditions upon which  
7 the 2012 Bonds are to be executed, delivered, issued, secured and accepted and to secure the payment  
8 thereof and the interest with respect thereto; and

9 WHEREAS, the County desires to participate in the execution and delivery of the 2012 Bonds  
10 pursuant to and in accordance with the Indenture, and to approve all proper and necessary documents  
11 and transactions in connection therewith; and

12 WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-  
13 12") requires that, in order to be able to purchase or sell the 2012 Bonds, an underwriter must have  
14 reasonably determined that an obligated person has undertaken in a written agreement or contract for the  
15 benefit of the holders of the 2012 Bonds to provide disclosure of certain financial information and  
16 certain material events on an ongoing basis and, in order to cause such requirement to be satisfied, the  
17 County proposes to execute and deliver a Continuing Disclosure Agreement (the "Continuing Disclosure  
18 Certificate") in connection with the execution and delivery of the 2012 Bonds; and

19 WHEREAS, the County is authorized to undertake all of the above pursuant to the laws of the  
20 State of California;

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

23 **Section 1.** The proposed form of Master Site and Facilities Lease (the "Master Site Lease"), by  
24 and between the County and the Corporation and in substantially the form on file with the Clerk of the  
25 Board, is hereby approved. The County Executive Officer, the Deputy County Executive Officer, the  
26 County Finance Director and any other authorized officers of the County acting on behalf of the County  
27 Executive Officer (each an "Authorized Representative" and, collectively, the "Authorized  
28 Representatives") are, 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 Master Site Lease in substantially the  
form on file with the Clerk of the Board, with such changes therein as such Authorized Representative  
executing and delivering such document may require or approve, such requirement or approval to be  
conclusively evidenced by the execution and delivery thereof.

**Section 2.** The proposed form of Master Lease Agreement (the "Lease Agreement"), by and  
between the County and the Corporation and in substantially the form on file with the Clerk of the  
Board, is hereby approved. The Authorized Representatives are, 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 Lease Agreement substantially in the form on file with the Clerk of the Board, with such  
changes therein as the Authorized Representative executing and delivering such document may require  
or approve, such requirement or approval to be conclusively evidenced by the execution and delivery  
thereof.

**Section 3.** The proposed form of Continuing Disclosure Certificate, in substantially the form on  
file with the Clerk of the Board, is hereby approved. The Authorized Representatives are, and each of

1 them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the County,  
2 to execute and deliver the Continuing Disclosure Certificate in substantially the form on file with the  
3 Clerk of the Board and presented to and considered at this meeting, with such changes therein as the  
4 officer executing the same on behalf of the County may approve, in his or her discretion, as being in the  
5 best interest of the County, such approval to be conclusively evidenced by such officer's execution and  
6 delivery thereof.

7 **Section 4.** The proposed form of Purchase Contract (the "Purchase Contract"), by and among  
8 the County, the Corporation and De La Rosa & Co. (the "Underwriter Representative"), acting on behalf  
9 of itself and on behalf of Merrill Lynch, Pierce, Fenner & Smith Incorporated, as underwriters, and in  
10 substantially the form on file with the Clerk of the Board, is hereby approved. The Authorized  
11 Representatives are, and each of them acting alone is, hereby authorized and directed to negotiate the  
12 final terms and conditions of, and to execute and deliver to the Underwriter Representative, the Purchase  
13 Contract, in substantially the form on file with the Clerk of the Board with such changes as the officer  
14 executing and delivering such document may require or approve, such requirement or approval to be  
15 conclusively evidenced by the execution and delivery thereof. In connection with the negotiation,  
16 execution and delivery of the Purchase Contract, the Authorized Representatives are further authorized  
17 and directed to negotiate the price, interest rates, discount provisions, dates, maturity dates, principal  
18 amounts and prepayment provisions with respect to the 2012 Bonds, and are authorized to negotiate any  
19 and all other terms and agreements relating to the execution and delivery of the 2012 Bonds, as an  
20 Authorized Representative shall determine to be in the best interests of the County, all to be  
21 conclusively evidenced by the execution and delivery of the Purchase Contract; provided, however, that  
22 the all-in yield with respect to the 2012 Bonds shall not exceed 5.50% per annum; and provided further  
23 that the maximum aggregate underwriter's discount (excluding original issue discount, if any) from the  
24 principal amount of the 2012 Bonds shall not exceed 0.5% of the aggregate principal amount of the 2012  
25 Bonds. All other terms and conditions shall be consistent with and shall carry out the intention of this  
26 Board's approval, as set forth herein.

27 All or any portion of the 2012 Bonds may be sold with such credit enhancement (such as, but not  
28 limited to, a letter of credit or policy of municipal bond insurance) as an Authorized Representative shall  
29 determine to be in the best interests of the County, such determination to be conclusively evidenced by  
30 the execution and delivery on behalf of the County of any documents required to be executed and  
31 delivered by or on behalf of the County relating to such credit enhancement. The Authorized  
32 Representatives are hereby further authorized to purchase a surety bond, letter or line of credit, or other  
33 form of guarantee to satisfy the Reserve Requirement established under the Indenture and to execute one  
34 or more financial guaranty agreements or other documents relating to such guarantee. The Authorized  
35 Representatives are, and each of them is, hereby authorized and directed to enter into negotiations with  
36 potential providers of such credit enhancements or guarantees and further authorized and directed to  
37 enter into such agreements on behalf of the County as may be necessary or advisable in connection with  
38 the foregoing arrangements.

39 **Section 5.** The County hereby approves the issuance by the Corporation of the 2012 Bonds by  
40 the Trustee in an amount not to exceed \$40,000,000 and the sale of the 2012 Bonds pursuant to the  
41 Purchase Contract.

42 **Section 6.** The proposed form of preliminary official statement with respect to the 2012 Bonds  
43 (the "Preliminary Official Statement"), attached hereto as Exhibit A, is hereby approved. The  
44 Authorized Representatives are, and each of them acting alone is, hereby authorized and directed, for  
45 and in the name of and on behalf of the County, to execute and deliver the official statement with respect  
46 to the 2012 Bonds (the "Official Statement"), in substantially the form of the Preliminary Official

1 Statement, attached hereto as Exhibit A, with such changes thereto as such Authorized Representative  
2 executing and delivering such document may require or approve, such requirement or approval to be  
3 conclusively evidenced by the execution and delivery thereof. The distribution of copies of the  
4 Preliminary Official Statement and Official Statement to persons who may be interested in the purchase  
5 of 2012 Bonds is hereby authorized and approved. The Authorized Representatives are, and each of  
6 them acting alone is, hereby authorized to certify to the Underwriter Representative on behalf of the  
7 County that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule  
8 15c2-12 (except for the omission of certain information as permitted by such Rule).

9 **Section 7.** The County hereby authorizes and approves the refunding and redemption of the  
10 2001 Certificates and the financing of the acquisition of the Indio Properties. The refunding and  
11 financing is in the County's best interests and will result in a lower Base Rental Payments.

12 **Section 8.** All actions heretofore taken by any officer of the County with respect to the  
13 execution, delivery and sale of the 2012 Bonds, the refunding and redemption of the 2001 Certificates,  
14 or in connection with or related to any of the agreements referred to herein, to the leasing or subleasing  
15 of the Leased Premises or to the financing of the Project are hereby approved, confirmed and ratified.

16 **Section 9.** The Authorized Representatives are, and each of them acting alone is, authorized and  
17 directed to take any and all such actions, and to execute any and all such documents, including, without  
18 limitation, documents terminating the Master Site Lease relating to the 2001 Certificates, the Prior  
19 Facilities Lease and the Prior Assignment Agreement, as may be necessary or desirable to effectuate the  
20 purposes of this Resolution.

21 **Section 10.** The County Clerk shall certify to the passage of this Resolution, shall transmit a  
22 copy hereof to the Corporation, and shall cause the action of the Board of Supervisors in adopting the  
23 same to be entered in the official minutes of this Board of Supervisors.

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REMAINDER OF PAGE LEFT BLANK

1 PASSED and ADOPTED by the Board of Supervisors of the County of Riverside on the 31<sup>st</sup> day of  
2 January, 2012.

3 \_\_\_\_\_  
4 John Tavaglione, Chairman of the Board of  
Supervisors

5 [SEAL]

6  
7 ATTEST:

8  
9 Kecia Harper-Ihem,

10 Clerk of the Board

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12 \_\_\_\_\_  
13 Deputy,

14 Clerk of the Board of Supervisors

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16 ROLL CALL:

17 Ayes:

18 Nays:

19 Absent:

20  
21 The foregoing is certified to be a true copy of a resolution duly adopted by said Board of  
22 Supervisors on the date therein set forth.

23 KECIA HARPER-IHEM,  
24 Clerk of said Board

25 \_\_\_\_\_  
26 Deputy  
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**CERTIFICATE OF CLERK**

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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 January 31, 2012, 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 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 31<sup>st</sup> day of January, 2012.

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

[SEAL]