

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

226



**FROM:** Executive Office

**SUBMITTAL DATE:**  
September 19, 2012

**SUBJECT:** Substitution of CORAL property financed through the 1990 Taxable Variable Rate Certificates of Participation ("Monterey Avenue Project") and Release of CORAL property financed through the County's 1985 Certificates of Participation (Riverside County Public Facilities Project) ("ACES") and other matters.

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

1. Adopt Resolution 2012-212 authorizing and approving the (a) substitution of property through a Third Amendment to Sublease relating to the Monterey Avenue Project; and (b) the release of the Indio Jail property, located at 46057 Oasis Street, Indio CA, relating to ACES, through a Fifth Amendment to Ground Lease and a Fourth Amendment to Sublease.
2. Approve and authorize the County Executive Officer or his designee to sign the related documents associated with these transactions, including documents necessary to clear title with respect to the above-referenced properties and other properties on or near the site upon which the detention facility is to be developed in Indio, California that the County has been notified by the State of California that it is eligible to receive a grant to develop.

*Lani Sioson*  
Lani Sioson, Senior Management Analyst

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 40,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	FY 2012-13

<b>SOURCE OF FUNDS:</b> East County Detention Center Project funds	<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: *Ivan M. Chand*  
Ivan M. Chand

9/25/2012

**County Executive Office Signature**

FORM APPROVED COUNTY COUNSEL  
BY: Dale A. Gardner 9/20/12  
DATE

Policy  
 Policy  
 Consent  
 Consent

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

**Prev. Agn. Ref.:** | **District: 4** | **Agenda Number:**

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

**3.6**

RE: Substitution of CORAL property financed through the 1990 Taxable Variable Rate Certificates of Participation ("Monterey Avenue Project") and Release of CORAL property financed through the County's 1985 Certificates of Participation (Riverside County Public Facilities Project) ("ACES") and other matters

Date: September 19, 2012

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**BACKGROUND:**

The State of California ("State") has notified the County of Riverside ("County") that the County is eligible to receive a grant of State funds to develop a detention facility in Indio, California. It is a condition to the grant that the property where the facility will be located must be unencumbered at the time of receipt of the grant. Portions of the real property on which the detention facility will be located are currently encumbered under outstanding financing documents entered into by the County with respect to the following transactions:

- The Indio Jail is encumbered by the 1985 Certificates of Participation Type One: Series A, Series B, Series C and Series D and Type Two: Series E (Riverside County Public Facilities Project) ("ACES");
- The Indio County Administration Center (Indio CAC), located at 82675 Highway 111, Indio CA, is encumbered by County of Riverside 1990 Taxable Variable Rate Certificates of Participation (Monterey Avenue Project) ("Monterey Avenue").

State Street Bank ("SSB") is the lender in both of the above cases. SSB has agreed to release the Indio Jail without substituting collateral and accept the alternate County owned land in Perris, California, known as the Perris Sheriff-Coroner facility, located at 800 S. Redlands Ave., Perris, CA, as substitute collateral for the Indio CAC. These actions will enable the County to fulfill the requirement set forth in the State grant.

In addition, certain of the properties on which the detention facility is to be located are still subject to leases that the County entered into in connection with cross-over refunding certificates of participation it issued in 1986 that are no longer outstanding. In order to clear title on such properties, the County will need to enter into termination and other documents.

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**RESOLUTION NO. 2012-212**

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING AND APPROVING THE RELEASE AND SUBSTITUTION OF REAL PROPERTY LOCATED IN INDIO, CALIFORNIA SECURED BY VARIOUS CERTIFICATES OF PARTICIPATION FINANCINGS AND AUTHORIZING THE EXECUTION AND DELIVERY OF AMENDMENTS TO DOCUMENTS RELATED THERETO AND APPROVING ADDITIONAL ACTIONS WITH RESPECT THERETO

WHEREAS, the County of Riverside (the "County") has previously caused to be executed and delivered its 1985 Certificates of Participation Type One: Series A, Series B, Series C and Series D and Type Two: Series E (Riverside County Public Facilities Project) in the aggregate principal amount of \$169,400,000 and currently outstanding in the aggregate principal amount of \$50,400,000 (the "ACES Certificates"), pursuant to a Trust Agreement, dated as of November 1, 1985, by and between the County and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "ACES Trustee"), as amended by that certain First Amendment to Trust Agreement, dated as of September 1, 1987, that certain Second Amendment to Trust Agreement, dated as of November 1, 1995, that certain Third Amendment to Trust Agreement, dated as of October 15, 1996, that certain Fourth Amendment to Trust Agreement, dated as of May 1, 2003, and that certain Fifth Amendment to Trust Agreement, dated as of July 1, 2008 (as so supplemented and amended and as it may be further supplemented and amended from time to time, the "ACES Trust Agreement");

WHEREAS, in connection with the execution and delivery of the ACES Certificates, the County and the County of Riverside Asset Leasing Corporation ("CORAL") entered into a Ground Lease, dated November 1, 1985, as subsequently supplemented and amended by that certain First Amendment to Ground Lease, dated as of September 1, 1987, that certain Definitional Amendment Agreement to Sublease and Option to Purchase and Ground Lease, dated as of January 1, 1993, that certain Second Amendment to Ground Lease, dated as of November 1, 1995, that certain Third Amendment to Ground Lease, dated as of May 1, 2003, and that certain Fourth Amendment to Ground Lease, dated as of August 1, 2011 (as so supplemented and amended and as it may be further

FORM APPROVED COUNTY COUNSEL

BY: *Dale A. Gardner* DATE: *9/25/12*  
DALE A. GARDNER

1 supplemented and amended from time to time, the “ACES Ground Lease”);

2 WHEREAS, in connection with the execution and delivery of the ACES Certificates, the  
3 County, CORAL and Golden State Sanwa Bank entered into the Sublease and Option to Purchase,  
4 dated as of November 1, 1985, as subsequently supplemented and amended by that certain Amended  
5 and Restated Sublease and Option to Purchase, dated as of November 1, 1995, that certain First  
6 Amendment to Amended and Restated Sublease and Option to Purchase, dated as of July 20, 2000,  
7 and that certain Amended and Restated Sublease and Option to Purchase, dated as of May 1, 2003  
8 (the “ACES Amended and Restated Sublease”), that certain First Amendment, dated as of April 25,  
9 2006, to Amended and Restated Sublease and Option to Purchase dated as of May 1, 2003, that  
10 certain Second Amendment, dated as of May 1, 2009, to Amended and Restated Sublease and Option  
11 to Purchase dated as of May 1, 2003, and that certain Third Amendment, dated as of August 1, 2011,  
12 to Amended and Restated Sublease and Option to Purchase dated as of May 1, 2003 (as so  
13 supplemented and amended and as it may be further supplemented and amended from time to time,  
14 the “ACES Sublease”);

15 WHEREAS, in connection with the execution and delivery of the ACES Certificates, CORAL  
16 and the ACES Trustee entered into an Assignment Agreement, dated as of November 1, 1985, as  
17 subsequently supplemented and amended by that certain Amended and Restated Assignment  
18 Agreement, dated as of November 1, 1995 (the “ACES Assignment Agreement”) pursuant to which  
19 CORAL assigned to the ACES Trustee for the benefit of holders of the ACES Certificates all of  
20 CORAL’s rights under the ACES Ground Lease and the ACES Sublease, excepting only certain  
21 rights to indemnification for losses and expenses;

22 WHEREAS, in June 2003, State Street Bank and Trust Company (the “Banks”) issued, for the  
23 benefit of the ACES Trustee for the account of the County, its Irrevocable Letter of Credit No. ILC-  
24 1304/BSN (the “ACES Letter of Credit”), in the total stated amount set forth in the ACES Letter of  
25 Credit, a portion of which supports the payment of principal evidenced by, or portion of the purchase  
26 price corresponding to the principal evidenced by, the ACES Certificates, and a portion of which  
27 supports the payment of interest evidenced by, or portion of the purchase price corresponding to  
28 interest evidenced by, the ACES Certificates;

1           WHEREAS, the County has previously caused to be executed and delivered its 1990 Taxable  
2 Variable Rate Certificates of Participation (Monterey Avenue Project) in the aggregate principal  
3 amount of \$8,800,000 and currently outstanding in the aggregate principal amount of \$5,200,000 (the  
4 “Monterey Avenue Certificates”), pursuant to a Trust Agreement, dated as of June 1, 1990, by and  
5 among the County, U.S. Bank National Association, as successor trustee (the “Monterey Avenue  
6 Trustee,” and together with the ACES Trustee, the “Trustee”), and U.S. Bank National Association,  
7 as successor tender agent, as amended by that certain First Amendment to Trust Agreement, dated as  
8 of January 26, 1996, and that certain Second Amendment to Trust Agreement, dated as of May 1,  
9 2003 (as so supplemented and amended and as it may be further supplemented and amended from  
10 time to time, the “Monterey Avenue Trust Agreement”);

11           WHEREAS, in connection with the execution and delivery of the Monterey Avenue  
12 Certificates, the County and the Desert Facilities Corporation (the “Corporation”) entered into the  
13 Ground Lease, dated as of June 1, 1990, as amended by that certain First Amendment to Ground  
14 Lease, dated as of January 26, 1996, and that certain Second Amendment to Ground Lease, dated as  
15 of May 1, 2003 (as so supplemented and amended and as it may be further supplemented and  
16 amended from time to time, the “Monterey Avenue Ground Lease,” and together with the ACES  
17 Ground Lease, the “Ground Lease”);

18           WHEREAS, in connection with the execution and delivery of the Monterey Avenue  
19 Certificates, the County, the Corporation and The Sanwa Bank, Limited entered into the Sublease and  
20 Option to Purchase, dated as of June 1, 1990, as subsequently supplemented and amended by that  
21 certain Amended and Restated Sublease and Option to Purchase, dated as of January 26, 1996, that  
22 certain First Amendment to Amended and Restated Sublease and Option to Purchase, dated as of July  
23 20, 2000, that certain Amended and Restated Sublease and Option to Purchase, dated as of May 1,  
24 2003, that certain First Amendment to Amended and Restated Sublease and Option to Purchase,  
25 dated as of April 25, 2006, and that Second Amendment to Amended and Restated Sublease and  
26 Option to Purchase, dated as of May 1, 2009 (as so supplemented and amended and as it may be  
27 further supplemented and amended from time to time, the “Monterey Avenue Sublease,” and together  
28 with the ACES Sublease, the “Sublease”);

1           WHEREAS, in connection with the execution and delivery of the Monterey Avenue  
2 Certificates, the Corporation and the Monterey Avenue Trustee entered into an Assignment  
3 Agreement, dated as of June 1, 1990, as subsequently supplemented and amended by that certain  
4 Amended and Restated Assignment Agreement, dated as of January 26, 1996 (the “Monterey Avenue  
5 Assignment Agreement,” and together with the ACES Assignment Agreement, the “Assignment  
6 Agreement”) pursuant to which the Corporation assigned to the Monterey Avenue Trustee for the  
7 benefit of holders of the Monterey Avenue Certificates all of the Corporation’s rights under the  
8 Monterey Avenue Ground Lease and the Monterey Avenue Sublease, excepting only certain rights to  
9 indemnification for losses and expenses;

10           WHEREAS, in June 2003, the Banks issued, for the benefit of the Monterey Avenue Trustee  
11 for the account of the County, its Irrevocable Letter of Credit No. ILC-1305/BSN (the “Monterey  
12 Avenue Letter of Credit”), in the total stated amount set forth in the Monterey Avenue Letter of  
13 Credit, a portion of which supports the payment of principal evidenced by, or portion of the purchase  
14 price corresponding to the principal evidenced by, the Monterey Avenue Certificates, and a portion of  
15 which supports the payment of interest evidenced by, or portion of the purchase price corresponding  
16 to interest evidenced by, the Monterey Avenue Certificates;

17           WHEREAS, the County has previously caused to be executed and delivered certain cross-  
18 over refunding certificates of participation, representing undivided proportionate interests in certain  
19 lease payments to be made by the County (the “Cross-Over Certificates”);

20           WHEREAS, in connection with the execution and delivery of the Cross-Over Certificates,  
21 CORAL and the County entered into a Lease Agreement and a Sublease, each dated as of August 1,  
22 1986 (as such leases were subsequently amended, collectively, the “Cross-Over Leases”), pursuant to  
23 which CORAL agreed to sublease certain property to the County (the “Cross-Over Properties”) in  
24 consideration for which the County was to make rental payments for the use and possession of such  
25 Cross-Over Properties;

26           WHEREAS, while the Cross-Over Certificates are no longer outstanding, the Cross-Over  
27 Leases still appear on title with respect to the Cross-Over Properties;

28           WHEREAS, the County has been notified by the State of California that it is eligible to

1 receive a grant to develop a detention facility in Indio, California; provided, however, that the  
2 property where the facility will be located (the "Indio Property") must be unencumbered at the time  
3 of receipt of such grant;

4 WHEREAS, a parcel of land subject to the ACES Ground Lease and the ACES Sublease  
5 ("Property A"), a parcel of land subject to the Monterey Avenue Ground Lease and the Monterey  
6 Avenue Sublease ("Property B"), and the Cross-Over Properties are located on or near the Indio  
7 Property;

8 WHEREAS, the County wishes to release Property A from the terms of the ACES Ground  
9 Lease and the ACES Sublease in accordance with and pursuant to the terms of the ACES Sublease  
10 governing release of property;

11 WHEREAS, the County wishes to release Property B from the terms of the Monterey Avenue  
12 Ground Lease and the Monterey Avenue Sublease and substitute in its place a different parcel of land  
13 ("Property C") in accordance with and pursuant to the terms of the Monterey Avenue Sublease  
14 governing substitution of property;

15 WHEREAS, the County and the Banks desire to amend and, pursuant to the terms of the  
16 Sublease and the Assignment Agreement, the County, the Banks and the Agent (as defined in the  
17 Sublease), with the written consent of the Trustee as assignee of the rights of CORAL and the  
18 Corporation, respectively, are permitted to amend the Ground Lease and the Sublease for the  
19 purposes of effectuating a release and substitution of property;

20 WHEREAS, the County wishes to remove the Cross-Over Leases from title for the Cross-  
21 Over Properties and desires to enter into any document or amendments related to the Cross-Over  
22 Certificates for the purpose of effectuating the removal of the Cross-Over Leases from said title; and

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

25 NOW, THEREFORE, the Board of Supervisors (the "Board") of the County does hereby  
26 resolve, determine and order as follows:

27 Section 1. The proposed Fourth Amendment to Amended and Restated Sublease and Option  
28 to Purchase (the "ACES Fourth Amendment to Sublease"), by and among the County and State Street

1 Bank and Trust Company, as a Bank, the Banks and Agent, and consented to by the ACES Trustee,  
2 in substantially the form on file with the Clerk of the Board, is hereby approved. The Chairman of  
3 the Board, the County Executive Officer, the County Finance Director, the County Deputy Executive  
4 Officer and any other authorized officers of the County acting on behalf of the Chairman and the  
5 County Executive Officer (each an "Authorized Representative" and, collectively, the "Authorized  
6 Representatives") are, and each of them acting alone is, hereby authorized and directed, for and in the  
7 name of and on behalf of the County, to execute and deliver the ACES Fourth Amendment to  
8 Sublease in substantially the form on file with the Clerk of the Board, with such changes therein as  
9 the Authorized Representative executing and delivering such document may require or approve, such  
10 requirement or approval to be conclusively evidenced by the execution and delivery thereof.

11 Section 2. The proposed Fifth Amendment to Ground Lease (the "ACES Fifth Amendment to  
12 Ground Lease"), by the County and consented to by State Street Bank and Trust Company, as a Bank  
13 and the Banks, and the ACES Trustee, in substantially the form on file with the Clerk of the Board, is  
14 hereby approved. The Authorized Representatives are, and each of them acting alone is, hereby  
15 authorized and directed, for and in the name of and on behalf of the County, to execute and deliver  
16 the ACES Fifth Amendment to Ground Lease in substantially the form on file with the Clerk of the  
17 Board, with such changes therein as the Authorized Representative executing and delivering such  
18 document may require or approve, such requirement or approval to be conclusively evidenced by the  
19 execution and delivery thereof.

20 Section 3. The proposed Third Amendment to Amended and Restated Sublease and Option to  
21 Purchase (the "Monterey Avenue Third Amendment to Sublease"), by and among the County and  
22 State Street Bank and Trust Company, as a Bank, the Banks and Agent, and consented to by the  
23 Monterey Avenue Trustee, in substantially the form on file with the Clerk of the Board, is hereby  
24 approved. The Authorized Representatives are, and each of them acting alone is, hereby authorized  
25 and directed, for and in the name of and on behalf of the County, to execute and deliver the Monterey  
26 Avenue Third Amendment to Sublease in substantially the form on file with the Clerk of the Board,  
27 with such changes therein as the Authorized Representative executing and delivering such document  
28 may require or approve, such requirement or approval to be conclusively evidenced by the execution



1 and delivery thereof.

2        Section 4. The proposed Third Amendment to Ground Lease (the “Monterey Avenue Third  
3 Amendment to Ground Lease”), by the County and consented to by State Street Bank and Trust  
4 Company, as a Bank and the Banks, and the Monterey Avenue Trustee, in substantially the form on  
5 file with the Clerk of the Board, is hereby approved. The Authorized Representatives are, and each  
6 of them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the  
7 County, to execute and deliver the Monterey Avenue Third Amendment to Ground Lease in  
8 substantially the form on file with the Clerk of the Board, with such changes therein as the  
9 Authorized Representative executing and delivering such document may require or approve, such  
10 requirement or approval to be conclusively evidenced by the execution and delivery thereof.

11        Section 5. The Authorized Representatives are, and each of them acting alone is, authorized  
12 and directed to take any and all such actions, and to execute any and all such documents, as may be  
13 necessary or desirable to effectuate the purposes of this Resolution, including, but not limited to, any  
14 termination or other documents necessary to remove the Cross-Over Leases from title for the Cross-  
15 Over Properties.

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



**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 \_\_\_\_\_, 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 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 \_\_\_\_ 2012

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

[SEAL]