

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

372



FROM: Economic Development Agency / Facilities Management

SUBMITTAL DATE:
July 18, 2013

SUBJECT: Ordinance No. 919, Approving a Public Leaseback to Finance the Costs of Construction of a County Law Office Building in Indio

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Ordinance No. 919, authorizing a public leaseback of County-owned property to finance the costs of construction of a County Law office building in Indio and certification of the previously submitted Environmental Assessment No. 13-5-503 and Mitigated Negative Declaration; and
2. Direct the Clerk of the Board to file the attached Notice of Exemption with the County Clerk for posting.

BACKGROUND: (Commences on Page 2)

REVIEWED BY CIP

Christopher Hans

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 5,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2013/14

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: East County Detention Center Project Budget (ECDC) – 100%

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

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

BY:
Jennifer L. Sargent

Prev. Agn. Ref.: 3.12 of 10/18/11; 3.11 of 12/6/11; 3.19 of 3/27/13; 3.21 of 11/6/12; 3.2 of 4/9/13; 3.23 of 6/18/13; 3.21 of 7/16/13

District: 4/4

Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3-26
EDA-001a
Form 11 (Rev 06/2003)

BACKGROUND:

Ordinance No. 919 provides for a public leaseback of 5.68 acres of County-owned land on the southwest corner of Highway 111 and Jackson Street in the City of Indio as the location most suitable for the construction of a County Law Building in Indio.

In 2011, California Governor Jerry Brown signed into law Assembly Bill 109, known as the "Realignment Plan," which shifts the responsibility from the state to counties for the custody, treatment and supervision of certain offenders. This legislation, combined with the current level of demand for detention facilities in the County, has resulted in the need for additional detention system capacity.

To aid in the financing of such a facility, on March 27, 2012, the Board of Supervisors approved item 3.19 entitled "Acceptance of \$100 million AB 900 Funding Award from the Corrections Standards Authority," formally accepting a funding award in the amount of \$100 million to be applied to the planning, design, and construction of a new detention facility in the County.

The Indio County Administrative Center (CAC) at 82-675 Highway 111, Indio, was deemed to be the location most suitable for this Project and on November 6, 2012, the Board of Supervisors approved item 3.21 for an architectural services agreement to be executed between an architectural firm and the County.

The County will plan and construct a detention facility on the Indio CAC site, which will be known as the East County Detention Center (ECDC). The site is currently improved with office and related facilities totaling approximately 122,000 square feet built from 1968 to 1975. The County plans to relocate the occupants, demolish the facilities, and construct the new detention complex. The new detention complex will feature 1,627 detention beds. On February 26, 2013, the Board of Supervisors approved the Monthly Progress Report Regarding the ECDC, which enumerated the documents required by the State to date in connection with the state-provided bond financing and confirmed the submittal of these documents to the State and compliance by the County.

As a companion Project to the ECDC Project, the Economic Development Agency (EDA) identified County-owned land of approximately 5.68 acres on the southwest corner of Highway 111 and Jackson Street in the City of Indio as the location most suitable for the construction of a privately owned office building of approximately 90,000 square feet with a ground lease to the County to accommodate these departments and entities. The District Attorney, Public Defender, County Counsel, and Law Library will be permanently relocated into this new leased facility. As a result of these moves, TLMA and the Assessor-Clerk Recorder will also need to be relocated. On June 24, 2012, EDA issued a Request for Proposal to real estate developers for the planning, design, and construction of a 90,000 square foot office building to be known as the County Law Building and recommended the Board approve a Pre-Development Agreement with the Trammell Crow Company which was approved by the Board of Supervisors on April 9, 2013, as item 3-2. EDA has negotiated a Ground Lease and Facilities Lease with Riverside Community Properties Development, Inc. (RCP) as landlord and the Trammell Crow Company as developer and is seeking Board approval of these documents substantially as to form. The estimated completion timeframe for the County Law Building is the first calendar quarter of 2015.

To facilitate the financing of the Project, the landlord will procure the funds through a bond offering.

(Continued)

BACKGROUND: (Continued)

Pursuant to Revenue Procedure 82-26 of the U.S. Treasury, bonds issued by a nonprofit corporation organized under the laws of the state of California in order to finance facilities in the state of California may qualify as tax-exempt obligations upon compliance with the requirements set forth in the Revenue Procedure. Riverside Community Properties Development, Inc. (RCP) has been formed as a nonprofit public benefit corporation for the purpose of designing, permitting, constructing and equipping a new law office building and associated improvements for use by the County of Riverside.

Since the County owns land on which the Project will be constructed, it will enter into a ground lease of the land with RCP. In order to finance the Project, RCP proposes to issue tax-exempt bonds, to be designated as the "Riverside Community Properties Development, Inc. Lease Revenue Bonds, 2013 (Riverside County Law Building)."

RCP proposes to enter into the Facilities Lease Agreement (the Facilities Lease) under which RCP will undertake the Project and lease the Premises to the County; and payments by the County of rent under the Facilities Lease will be used to pay debt service on the Bonds.

Since the County does not wish to directly undertake the governmental burden associated with development of the Project, the proposal by RCP is the most efficient means for managing the financing, construction and operation of the Project. However, the transaction, as proposed, constitutes a public leaseback. As such, Government Code § 54241 requires that the action be approved by ordinance.

The Debt Advisory Committee reviewed and approved the financing for this project on June 13, 2013.

The potential environmental effects of the project to the Ground Lease and Facilities Lease were fully studied in Environmental Assessment No. 13-5-503 prepared by the City of Indio. Based thereon City of Indio, the lead agency, adopted a Mitigated Negative Declaration of June 12, 2013. The public leaseback will not result in any new significant environmental effects not identified in Environmental Assessment No. 13-5-503, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment No. 13-5-503. In addition, no considerable different mitigation measures have been identified. Accordingly, the County, as a responsible agency, hereby certifies that it has reviewed and considered the information contained in Environmental Assessment No. 13-5-503 and the Mitigated Negative Declaration adopted by the City on June 12, 2013. No further environmental documentation is therefore required to authorize the public leaseback.

FINANCIAL DATA:

Preparation, publication and hearing will cost approximately \$5,000. All costs associated with this ordinance are fully funded through the East County Detention Center Project Budget for FY 2013/14. Thus, no additional net county cost will be incurred as a result of the transaction

Attachment:
Ordinance 919
Notice of Exemption

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The Board of Supervisors of the County of Riverside ordains as follows:

Section 1. FINDINGS. The Board of Supervisors finds that:

- a. Pursuant to Revenue Procedure 82-26 of the U.S. Treasury (the “Revenue Procedure”), bonds issued by a nonprofit corporation organized under the laws of the state of California in order to finance facilities in the state of California may qualify as tax-exempt obligations upon compliance with the requirements set forth in the Revenue Procedure.
- b. Riverside Community Properties Development, Inc. (“RCP”) has been formed as a nonprofit public benefit corporation for the purpose of designing, permitting, constructing and equipping a new law office building and related facilities in Indio, California (the “Project”) for use by the County of Riverside (the “County”).
- c. The County as the owner of the land on which the Project will be constructed (the “Land”) will enter into a ground lease of the Land with RCP (the “Ground Lease”).
- d. In order to finance the Project, RCP proposes to issue tax-exempt bonds, to be designated as the “Riverside Community Properties Development, Inc. Lease Revenue Bonds, 2013 (Riverside County Law Building),” in an aggregate principal amount to be determined (the “Bonds”).
- e. RCP proposes to enter into a Facilities Lease Agreement (the “Facilities Lease”) under which RCP will undertake the Project and lease the Premises (as such term is defined in the Facilities Lease) to the County.

- 1 f. Payments by the County of rent under the Facilities Lease will be used to pay
2 debt service on the Bonds, but the Bonds will not in any way constitute an
3 obligation or debt of the County.
- 4 g. The Revenue Procedure requires that, within one year prior to issuance of the
5 Bonds, the County approve the nonprofit corporation (RCP) and the bonds to
6 be issued (the Bonds) and agree to accept title to the Project when the Bonds
7 are retired.
- 8 h. The Project is necessary to meet the County's requirements for facilities to
9 house and support essential components of the County's civil and criminal law
10 functions.
- 11 i. The County does not wish to undertake directly the governmental burden
12 associated with development of the Project, and has determined that the
13 proposal by RCP is the most efficient means for managing the financing,
14 construction and operation of the Project.
- 15 j. The transaction as proposed constitutes a public leaseback that the County
16 wishes to approve in accordance with Section 54241 of the Government Code.
- 17 k. The potential environmental effects of the Project subject to the Ground
18 Lease and Facilities Lease were fully studied in Environmental Assessment
19 No. 13-5-503 prepared by the City of Indio. Based thereon City of Indio,
20 the lead agency, adopted a Mitigated Negative Declaration on June 12,
21 2013. The public leaseback will not result in any new significant
22 environmental effects not identified in Environmental Assessment No. 13-
23 5-503, nor will it substantially increase the severity of the environmental
24 effects identified in Environmental Assessment No. 13-5-503. In addition,
25 no considerably different mitigation measures have been identified.
26 Accordingly, the County, as a responsible agency hereby certifies that it has
27 reviewed and considered the information contained in Environmental
28 Assessment No. 13-5-503 and the Mitigated Negative Declaration adopted

1 by the City on June 12, 2013. No further environmental documentation is
2 therefore required to authorize the public leaseback.

3 Section 2. PURPOSE. The purpose of this ordinance is to authorize a public leaseback to
4 finance the costs of construction of the Project.

5 Section 3. AUTHORITY. This ordinance is adopted pursuant to California Government Code
6 Section 54241.

7 Section 4. AUTHORIZATION OF PUBLIC LEASEBACK. The public leaseback as set forth
8 in this ordinance is authorized.

9 a. Upon completion of negotiations of Ground Lease and the Facilities Lease,
10 the County shall consider approving and authorizing execution of said leases.
11 The final schedule of monthly rent payments due under the Facilities Lease
12 shall be determined and added as an exhibit to the Facilities Lease upon the
13 issuance and sale of the Bonds.

14 b. The County hereby requests that RCP lease the Land pursuant to the
15 anticipated Ground Lease and undertake the Project, and thereby relieve the
16 County of the governmental burden thereof. The County hereby approves RCP
17 solely for the purposes of approving the issuance by it of the Bonds to finance
18 the Project under the Revenue Procedure. The Bonds shall not be an obligation
19 of the County or any other agency or subdivision of the state of California,
20 subject to entering into the Ground Lease and Facilities Lease. The County
21 further agrees to accept title to the Project financed by the Bonds, including
22 any additions to the Premises, when the Bonds are discharged. At such time,
23 title to the Project financed by the Bonds will be transferred to the County at no
24 additional cost.

25 c. To the extent necessary to meet the conditions of paragraph (d)(2) of United
26 States Securities and Exchange Commission Rule 15c2-12, as applicable to a
27 participating underwriter or remarketing agent for Bonds, the County is hereby
28 authorized to enter into an undertaking in a form acceptable at the time to the

participating underwriter or remarketing agent, as the case may be.

d. All appropriate officers of the County are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this action. All acts taken and all approvals and agreements previously made pursuant to the authority of this action but prior to the effective date hereof are hereby ratified and confirmed.

e. This ordinance shall be published before the expiration of fifteen (15) days after its passage and adoption pursuant to California Government Code Section 25124.

Section 5. SEVERABILITY. If any provision, clause, sentence or paragraph of this ordinance or the application thereof to any person or circumstances shall be held invalid, such invalidity shall not affect the other provisions of this ordinance which can be given effect without the invalid provision or application, and to this end, the provisions of this ordinance are hereby declared to be severable.

SIGNATURE PROVISIONS ON FOLLOWING PAGE

1 Section 6. EFFECTIVE DATE. This ordinance shall take effect thirty (30) days after
2 its adoption.

3
4 Dated: _____


5
6 COUNTY OF RIVERSIDE, a political
7 Subdivision of the State of California

8 By: _____
9 John J. Benoit, Chairman
 Board of Supervisors

10 ATTEST:
11 Kecia Harper-Ihem
12 CLERK OF THE BOARD:

13
14 By: _____
 Deputy

15
16 APPROVED AS TO FORM:
17 Pamela J. Walls
18 County Counsel

19 By:  _____
20 Patricia Munroe
21 Deputy County Counsel