

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

355



FROM: Executive Office

SUBMITTAL DATE:
October 24, 2013

SUBJECT: Letter of Credit Substitution supporting the County of Riverside Asset Leasing Corporation Variable Rate Demand Leasehold Revenue Refunding Bonds, Series 2008A (Southwest Justice Center Refunding) (\$962,303-Lease agreements) (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors approves Resolution No. 2013-269 authorizing and approving the replacement of the letter of credit supporting the County of Riverside Asset Leasing Corporation Variable Rate Demand Leasehold Revenue Refunding Bonds, Series 2008A (Southwest Justice Center Refunding); authorizing entry into a Reimbursement Agreement; and authorizing the preparation and distribution of a Remarketing Memorandum and other matters related thereto.

BACKGROUND In December 2008 the County of Riverside Asset Leasing Corporation (CORAL) issued its Variable Rate Demand Leasehold Revenue Refunding Bonds, Series 2008A (Southwest Justice Center Refunding) in the par amount of \$78,895,000 (the "Bonds") and entered into a reimbursement agreement with Union Bank of California, N.A. ("Union Bank") for the provision of a letter of credit with respect to the Bonds (the "2008 LOC").

Stephanie Persi
Senior Management Analyst

Continued on page 2

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 252,400	\$ 320,768	\$ 962,303	\$ N/A	Consent <input type="checkbox"/> Policy X
NET COUNTY COST	\$ N/A	\$ N/A	\$ N/A	\$ N/A	
SOURCE OF FUNDS: Lease agreements with County departments				Budget Adjustment:	No
				For Fiscal Year:	2013-14

C.E.O. RECOMMENDATION:

APPROVE

BY:
Ivan M. Chand 10/28/2013

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FORM APPROVED COUNTY COUNSEL
BY:
DALE A. GARDNER DATE: 10/24/13
Departmental Concurrence

☐ A-30 ☐ Positions Added ☐ Change Order
☐ 4/5 Vote

Prev. Agn. Ref.:

District: All

Agenda Number:

3-66

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Letter of Credit Substitution**

DATE: October 24, 2013

PAGE: 2 of 2

BACKGROUND:

The 2008 LOC expires on December 9, 2013 and must be extended or replaced. The County went through an RFP process soliciting bids from Union Bank and other letter of credit banks. Based on the five proposals received by the County, the best course of action is to replace the 2008 LOC with a letter of credit, issued by Wells Fargo Bank, National Association ("Wells Fargo") pursuant to a Reimbursement Agreement among the County, CORAL, and Wells Fargo. In connection with the 2013 LOC substitution, the Bonds will be subject to mandatory tender and remarketing on the letter of credit substitution date.

If approved, staff recommends replacing the 2008 LOC with a letter of credit issued by Wells Fargo for an initial term of three years. After factoring in the costs of the 2013 LOC substitution, the County will be saving more than \$200,000 annually with a total three year term equaling \$962,303 compared to its current LOC fees which would total after three years approximately \$1,700,000.

This item was approved by the Debt Advisory Committee on October 30, 2013 and will be reviewed by the County of Riverside Asset Leasing Corporation.

Impact on Citizens and Businesses

None

SUPPLEMENTAL:

Additional Fiscal Information

None

Contract History and Price Reasonableness

In 2008, Union Bank was instrumental in providing the County a way to mitigate the interest rate swap associated with this bond issue and has provided excellent service since. The change in letter of credit banks is purely for cost savings.

Wells Fargo Bank, N.A. provided the lowest bid for a three-year letter of credit of the five banks that submitted proposals.

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RESOLUTION NO. 2013-269

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING AND APPROVING THE REPLACEMENT OF THE LETTER OF CREDIT SUPPORTING THE COUNTY OF RIVERSIDE ASSET LEASING CORPORATION VARIABLE RATE DEMAND LEASEHOLD REVENUE REFUNDING BONDS, SERIES 2008A (SOUTHWEST JUSTICE CENTER REFUNDING); AUTHORIZING ENTRY INTO A REIMBURSEMENT AGREEMENT; AND AUTHORIZING THE PREPARATION AND DISTRIBUTION OF A REMARKETING MEMORANDUM AND OTHER MATTERS RELATED THERETO

WHEREAS, in December of 2008 the County of Riverside Asset Leasing Corporation ("CORAL") issued its Variable Rate Demand Leasehold Revenue Refunding Bonds, Series 2008A (Southwest Justice Center Refunding) (the "2008A Bonds");

WHEREAS, in connection with the issuance of the 2008A Bonds, the County entered into a Reimbursement Agreement with Union Bank of California, N.A. ("Union Bank") pursuant to which Union Bank issued its letter of credit to support payments with respect to the 2008A Bonds (the "2008 LOC");

WHEREAS, the 2008 LOC expires by its terms on December 9, 2013 and needs to be extended or replaced;

WHEREAS, the County has determined to replace the 2008 LOC with a letter of credit to be issued by Wells Fargo Bank, National Association ("Wells Fargo") pursuant to a Reimbursement Agreement among the County, CORAL and Wells Fargo;

WHEREAS, in connection with the replacement of the letter of credit, the 2008A Bonds are subject to a mandatory tender and remarketing for which the County will prepare a Remarketing Memorandum to be used by the remarketing agent to remarket the 2008A Bonds;

WHEREAS, the County desires to participate in the letter of credit replacement and remarketing of the 2008A Bonds, and to approve all proper and necessary documents and transactions in connection therewith; and

FORM APPROVED COUNTY COUNSEL

BY: *[Signature]* DATE: 10/24/13
DALE GARDNER

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

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

5 Section 1. The proposed form of the Reimbursement Agreement, by and among the County,
6 CORAL and Wells Fargo in substantially the form on file with the Clerk of the Board, is hereby
7 approved. The County Executive Officer, the County Finance Director, the County Deputy Executive
8 Officer and any other authorized officers of the County acting on behalf of the County Executive
9 Officer (each an "Authorized Representative" and, collectively, the "Authorized Representatives")
10 are, and each of them acting alone is, hereby authorized and directed, for and in the name of and on
11 behalf of the County, to execute and deliver the Reimbursement Agreement in substantially the form
12 on file with the Clerk of the Board, with such changes therein as the Authorized Representative
13 executing and delivering such document may require or approve, such requirement or approval to be
14 conclusively evidenced by the execution and delivery thereof.

15 Section 2. The County hereby approves the replacement of the Union Bank letter of credit
16 with the Wells Fargo letter of credit and the mandatory tender and remarketing of the 2008A Bonds
17 by the existing remarketing agent, Citigroup Global Markets Inc. (the "Remarketing Agent"),
18 pursuant to the Remarketing Agreement dated as of December 1, 2008 among the County, CORAL
19 and the Remarketing Agent (the "Remarketing Agreement") as such Remarketing Agreement may be
20 amended or supplemented in such manner as the Authorized Representative executing and delivering
21 such amendment or supplement may require or approve, such requirement or approval to be
22 conclusively evidenced by the execution and delivery thereof.

23 Section 3. The proposed form of remarketing memorandum with respect to the 2008A
24 Bonds (the "Remarketing Memorandum"), attached hereto as Exhibit A, is hereby approved. The
25 Authorized Representatives are, and each of them acting alone is, hereby authorized and directed, for
26 and in the name of and on behalf of the County, to execute and deliver the Remarketing
27 Memorandum in substantially the form attached hereto as Exhibit A, with such changes thereto as
28 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.
The distribution of copies of the Remarketing Memorandum to persons who may be interested in the

1 purchase of 2008 Bonds is hereby authorized and approved. The Authorized Representatives are, and
2 each of them acting alone is, hereby authorized to certify to the Underwriters on behalf of the County
3 that the Remarketing Memorandum is deemed final as of its date, within the meaning of Securities
4 and Exchange Commission Rule 15c2-12.

5 Section 4. The County hereby authorizes any Authorized Representative to enter into on
6 behalf of the County, or to instruct the Trustee to enter into, any amendments or supplements to or
7 terminations of the interest rate swap agreement, the municipal bond insurance policy or the reserve
8 fund surety in existence with respect to the 2008A Bonds as the Authorized Representative executing
9 and delivering such document may require or approve, such requirement or approval to be
10 conclusively evidenced by the execution and delivery thereof.

11 Section 5. All actions heretofore taken by any officer of the County with respect to the
12 replacement of the letter of credit or the mandatory tender and remarketing of the 2008A Bonds, or in
13 connection with or related to any of the agreements referred to herein, are hereby approved,
14 confirmed and ratified.

15 Section 6. The Authorized Representatives are, and each of them acting alone is, authorized
16 and directed to take any and all such actions, and to execute any and all such documents as may be
17 necessary or desirable to effectuate the purposes of this Resolution.

18 Section 7. The County Clerk shall certify to the passage of this Resolution, shall transmit a
19 copy hereof to CORAL, and shall cause the action of the Board of Supervisors in adopting the same
20 to be entered in the official minutes of this Board of Supervisors.
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2 **PASSED and ADOPTED** by the Board of Supervisors of the County of Riverside on the
3 5th day of November, 2013.
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John J. Benoit
Chairman of the Board of Supervisors
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10 (SEAL)
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12 ATTEST:
13 KECIA HARPER-IHEM
Clerk of the Board of Supervisors
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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 November __, 2013, 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 _____, 2013.

Clerk of the Board of Supervisors

[SEAL]

EXHIBIT A

FORM OF REMARKETING MEMORANDUM

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