

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

185



FROM: Executive Office

SUBMITTAL DATE:
April 10, 2014

SUBJECT: Refunding of the Tax-exempt Certificates of Participation 2003A Historic Courthouse Project & 2003B Capital Facilities Projects & the Taxable Refunding Certificates of Participation 2003 Bankruptcy Court Project. [\$240,000 total] (**Vote on Separately**)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve Resolution #2014-096 authorizing the execution and delivery of a Master Site Lease, Master Lease Agreement, a Master Indenture of Trust, a First Supplemental Trust Indenture, an Assignment Agreement and a Bond Purchase Agreement in connection with the execution and delivery of Lease Revenue Refunding Bonds (Court Facilities Project), Series 2014A (tax-exempt) and Series 2014B (taxable), authorizing the preparation and distribution of a Preliminary Official Statement and authorizing certain other actions in connection therewith.

BACKGROUND:

Summary

In 2003 County of Riverside Asset Leasing Corporation ("CORAL") issued tax-exempt certificates to fund certain improvements to the County's Historic Courthouse (the 2003A Historic Courthouse Project) and prepay the County's 1993 obligations (the 2003B Capital Facilities Project) as well as taxable certificates for the Bankruptcy Court Project (the 2003 Taxable Bankruptcy Court Project).

(Continued)

Stephanie Persi
Senior Management Analyst

DRM APPROVED COUNTY COUNSEL
4/8/14
E.A. GARDNER
Departmental Concurrence

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 240,000	\$	\$ 240,000	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

SOURCE OF FUNDS: Bond Proceed \$240,000; Court lease payments-Debt service

Budget Adjustment: No
For Fiscal Year: 2013/2014

C.E.O. RECOMMENDATION:

APPROVE

BY:
Ivan M. Chand 4/14/2014

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Prev. Agn. Ref.: 03/25/03-3.2; 10/21/03-3.21b | **District:** All | **Agenda Number:**

3-5

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Refunding of the Tax-exempt Certificates of Participation 2003A Historic Courthouse Project & 2003B Capital Facilities Projects & the Taxable Refunding Certificates of Participation 2003 Bankruptcy Court Project. [\$240,000 total]

DATE: April 10, 2014

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

Current market conditions allow for a current refunding of the 2003 Series A and 2003 Series B certificates and an advance refunding of the 2003 Taxable Bankruptcy Courthouse Project certificates. The refundings will be accomplished through the issuance of CORAL Lease Revenue Refunding Bonds 2014 Series A in the aggregate principle amount of \$11,325,000 and CORAL Lease Revenue Refunding Bonds 2014 Series B (Taxable) in the aggregate principal amount of \$7,605,000. This can provide the County with approximately \$1.4 million in aggregate net present value savings or 7% of the aggregate refunded par amount. This exceeds the Board Policy B-24 requirement of at least a 3% savings threshold. In addition, this refunding will not extend the maturity date per the policy.

If approved staff recommends issuing approximately \$18,930,000 in fixed interest rate bonds. The estimated aggregate gross savings are approximately \$3.5 million through the life of the bonds based on current market conditions. The average annual debt service on the refunding bonds is anticipated to be approximately \$1.3 million. This equates to an average of \$177,000 savings per year in debt service costs.

This has been approved by CORAL and Debt Advisory Committee.

Impact on Citizens and Businesses

No direct impact

RESOLUTION NO. 2014-096

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING AND APPROVING THE REFUNDING OF CERTAIN OF THE COUNTY'S CERTIFICATES OF PARTICIPATION; THE ISSUANCE AND SALE OF THE COUNTY OF RIVERSIDE ASSET LEASING CORPORATION LEASE REVENUE REFUNDING BONDS (COURT FACILITIES PROJECT); RELATED AGREEMENTS AND DOCUMENTS; AND AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT AND OTHER MATTERS RELATED THERETO

WHEREAS, on May 7, 1997, the County of Riverside (the "County") and U.S. Trust Company of California, N.A. (the predecessor to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Historic Courthouse Trustee"), entered into a Trust Agreement, dated as of April 1, 1997 (the "Original Historic Courthouse Trust Agreement"), pursuant to which \$21,834,878.60 aggregate initial principal amount of Certificates of Participation (Historic Courthouse Project) (the "Series 1997 Historic Courthouse Certificates") were executed and delivered by the Historic Courthouse Trustee; and

WHEREAS, on December 4, 2003, the County and the Historic Courthouse Trustee entered into a First Supplemental Trust Agreement, dated as of December 1, 2003, pursuant to which \$13,190,000 aggregate principal amount of Certificates of Participation (Historic Courthouse Project) 2003 Series A (the "Series 2003 Historic Courthouse Certificates") were executed and delivered; and

WHEREAS, on April 28, 2005, the County and the Historic Courthouse Trustee entered into a Second Supplemental Trust Agreement, dated as of April 1, 2005, pursuant to which \$22,610,000 aggregate principal amount of Certificates of Participation (Historic Courthouse Refunding) 2005 Series B (the "Series 2005 Historic Courthouse Certificates") were executed and delivered; and;

WHEREAS, the proceeds of the Series 2005 Historic Courthouse Certificates were applied to prepay the outstanding Series 1997 Historic Courthouse Certificates in their entirety; and

WHEREAS, there is currently outstanding under the Historic Courthouse Trust Agreement \$10,900,000 aggregate principal amount of the Series 2003 Historic Courthouse Certificates and \$18,025,000 aggregate principal amount of the Series 2005 Historic Courthouse Certificates; and

WHEREAS, on December 4, 2003, the County and BNY Western Trust Company (the predecessor to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Capital Facilities Trustee"), entered into a Trust Agreement, dated as of December 1, 2003 (the "Capital Facilities Trust Agreement"), pursuant to which \$8,685,000 aggregate initial principal amount of

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 4/8/14
DALE A. GARDNER DATE

Refunding Certificates of Participation (Capital Facilities Projects) (the "Capital Facilities Certificates") were executed and delivered by the Capital Facilities Trustee; and

WHEREAS, \$1,830,000 aggregate principal amount of the Capital Facilities Certificates are currently outstanding under the Capital Facilities Trust Agreement; and

WHEREAS, on April 30, 2003, the County, the County of Riverside Court Financing Corporation and BNY Western Trust Company (the predecessor to The Bank of New York Mellon Trust Company, N.A., as trustee (the "Bankruptcy Courthouse Trustee") entered into a Trust Agreement, dated as of April 1, 2003 (the "Bankruptcy Court Trust Agreement"), pursuant to which \$16,120,000 aggregate principal amount of Taxable Refunding Certificates of Participation (Bankruptcy Court Project), Series 2003 (the "Bankruptcy Court Certificates"), were executed and delivered by the Bankruptcy Courthouse Trustee; and

WHEREAS, \$7,290,000 aggregate principal amount of the Bankruptcy Court Certificates are currently outstanding under the Bankruptcy Court Trust Agreement; and

WHEREAS, the County has now determined that it is in its best interest to authorize and approve the issuance and delivery by the Corporation of its Lease Revenue Refunding Bonds (Court Facilities Project), Series 2014A (the "Series 2014A Bonds") to prepay the Series 2003 Historic Courthouse Certificates and the Capital Facilities Certificates;

WHEREAS, the County has now determined that it is in its best interest to authorize and approve the issuance and delivery by the Corporation of its Lease Revenue Refunding Bonds (Court Facilities Project), Series 2014B (Taxable) (the "Series 2014B Bonds", and together with the Series 2014A Bonds, the "Series 2014 Bonds") to prepay and the Bankruptcy Court Certificates; and

WHEREAS, in connection with the issuance and delivery of the Series 2014 Bonds, the County and the Corporation propose to enter into: (a) a Site Lease (as hereinafter defined) pursuant to which the County will agree to lease to the Corporation real property, buildings and improvements (collectively, the "Property"); and (b) a Lease Agreement (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 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 of its costs and expenses) in and to the Site Lease and the Lease Agreement, including the right to receive Base Rental Payments under the Lease Agreement; and

WHEREAS, the Corporation and the Trustee propose to enter into a Master Indenture of Trust, together with a First Supplemental Trust Indenture (together, the "Indenture"), each by and between the Corporation and the Trustee, and in substantially the forms on file with the Clerk of the Board to, among other things, fix and declare the terms and conditions upon which the Series 2014 Bonds are to be executed, delivered, issued, secured and accepted and to secure the payment thereof and the interest with respect thereto; and

WHEREAS, the County desires to participate in the issuance and delivery of the Series 2014 Bonds pursuant to and in accordance with the Indenture, and to approve all proper and necessary documents and transactions in connection therewith; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”) requires that, in order to be able to purchase or sell the Series 2014 Bonds, an underwriter must have reasonably determined that an obligated person has undertaken in a written agreement or contract for the benefit of the holders of the Series 2014 Bonds to provide disclosure of certain financial information and certain material events on an ongoing basis and, in order to cause such requirement to be satisfied, the County proposes to execute and deliver a Continuing Disclosure Agreement (the “Continuing Disclosure Certificate”) in connection with the issuance and delivery of the Series 2014 Bonds; and

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

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

Section 1. The proposed form of Master Site and Facilities Lease (the “Site Lease”), 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 County Executive Officer, any Deputy County Executive Officer, the County Finance Director and any other authorized officers of the County acting on behalf of the County Executive Officer (each an “Authorized Representative” and, collectively, 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 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 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 Continuing Disclosure Certificate in substantially the form on file with the Clerk of the Board and presented to and considered at this meeting, with such changes therein as the officer executing the same on behalf of the County

may approve, in his or her discretion, as being in the best interest of the County, such approval to be conclusively evidenced by such officer's execution and delivery thereof.

Section 4. The proposed form of Purchase Contract (the "Purchase Contract"), by and among the County, the Corporation and Raymond James & Associates, Inc. (the "Underwriter"), 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 to negotiate the final terms and conditions of, and to execute and deliver to the Underwriter, the Purchase Contract, in substantially the form on file with the Clerk of the Board with such changes as the officer executing and delivering such document may require or approve, such requirement or approval to be conclusively evidenced by the execution and delivery thereof. In connection with the negotiation, execution and delivery of the Purchase Contract, the Authorized Representatives are further authorized and directed to negotiate the price, interest rates, discount provisions, dates, maturity dates, principal amounts and prepayment provisions with respect to the Series 2014 Bonds, and are authorized to negotiate any and all other terms and agreements relating to the issuance and delivery of the Series 2014 Bonds, as an Authorized Representative shall determine to be in the best interests of the County, all to be conclusively evidenced by the execution and delivery of the Purchase Contract; provided, however, that the all-in yield with respect to the Series 2014A Bonds shall not exceed 6.00% per annum and the all-in yield with respect to the Series 2014B Bonds shall not exceed 6.00% per annum and provided further that the maximum aggregate underwriter's discount (excluding original issue discount, if any) from the principal amount of the Series 2014 Bonds shall not exceed .40% of the aggregate principal amount of the Series 2014 Bonds. All other terms and conditions shall be consistent with and shall carry out the intention of this Board's approval, as set forth herein.

All or any portion of the Series 2014 Bonds may be sold with such credit enhancement (such as, but not limited to, a letter of credit or policy of municipal bond insurance) as an Authorized Representative shall determine to be in the best interests of the County, such determination to be conclusively evidenced by the execution and delivery on behalf of the County of any documents required to be executed and delivered by or on behalf of the County relating to such credit enhancement. The Authorized Representatives are hereby further authorized to purchase a surety bond, letter or line of credit, or other form of guarantee to satisfy the Reserve Requirement, if any, established under the Indenture and to execute one or more financial guaranty agreements or other documents relating to such guarantee. The Authorized Representatives are, and each of them is, hereby authorized and directed to enter into negotiations with potential providers of such credit enhancements or guarantees and further authorized and directed to enter into such agreements on behalf of the County as may be necessary or advisable in connection with the foregoing arrangements.

Section 5. The proposed form of Escrow Agreement (the "Escrow Agreement"), by and between the County and The Bank of New York Mellon Trust Company, N.A., as escrow agent, relating to the defeasance of the Bankruptcy Court Certificates, 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 Escrow 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 6. The County hereby approves the issuance by the Corporation of the Series 2014 Bonds in an amount not to exceed \$20,000,000 and the sale of the Series 2014 Bonds pursuant to the Purchase Contract. The Authorized Representatives are, and each of them acting alone is, hereby authorized to determine the respective principal amounts of the Series 2014A Bonds and the Series 2014B Bonds to be sold pursuant to the Purchase Contract.

Section 7. The proposed form of preliminary official statement with respect to the Series 2014 Bonds (the "Preliminary Official Statement"), attached hereto as Exhibit A, 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 official statement with respect to the Series 2014 Bonds (the "Official Statement"), in substantially the form of the Preliminary Official Statement, attached hereto as Exhibit A, with such changes thereto 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. The distribution of copies of the Preliminary Official Statement and Official Statement to persons who may be interested in the purchase of Series 2014 Bonds is hereby authorized and approved. The Authorized Representatives are, and each of them acting alone is, hereby authorized to certify to the Underwriter on behalf of the County that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain information as permitted by such Rule).

Section 8. The County hereby authorizes and approves the prepayment of the Series 2003 Historic Courthouse Certificates, the Capital Facilities Certificates and the Bankruptcy Court Certificates. The prepayment and financing is in the County's best interests and will result in lower aggregate base rental payments.

Section 9. All actions heretofore taken by any officer of the County with respect to the issuance, delivery and sale of the Series 2014 Bonds, the prepayment of the Series 2003 Historic Courthouse Certificates, the Capital Facilities Certificates and the Bankruptcy Court Certificates, or in connection with or related to any of the agreements referred to herein, to the leasing or subleasing of the Property or to the financing of the Project are hereby approved, confirmed and ratified.

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

PASSED and ADOPTED by the Board of Supervisors of the County of Riverside on the 22nd day of April, 2014.

Jeff Stone, Chairman
of the Board of Supervisors

[SEAL]

ATTEST:

Kecia Harper-Ihem, Clerk of the Board

Deputy, Clerk of the Board of Supervisors

ROLL CALL:

Ayes:

Nays:

Absent:

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

KECIA HARPER-IHEM,
Clerk of said 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 April 22, 2014, 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 _____ day of _____, 2014.

Deputy Clerk of the Board of Supervisors

[SEAL]