

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

987



FROM: Executive Office

SUBMITTAL DATE:
July 3, 2014

SUBJECT: Issuance of the Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project) Series 2014. [\$325,000,000] (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and adopt Resolution No. 2014-163 and the execution and delivery of the documents associated with the financing of the Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project) Series 2014 to provide for the construction of the project and various improvements as a result of the demolition of the Indio County Administration Center and to fund a reserve fund for the Bonds and pay the costs of issuance of the Bonds.

BACKGROUND:

Summary

On December 18, 2012, the Board of Supervisors adopted reimbursement resolution No. 2012-250 to reimburse the Executive Office for expenditures made on the project. At this time, the construction schedule on parts of the project is well underway and bond financing is needed to complete the remaining portion of the project.

Continued on pg. 2

Ivan M. Chand
Deputy County Executive Officer

FORM APPROVED COUNTY COUNSEL
BY:
DALE A. GARDNER
Departmental Concurrence
DATE: 7/3/14

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 876,285	\$ 9,033,885	\$ 325,000,000	\$ 0	
SOURCE OF FUNDS: General Fund				Budget Adjustment:	No
				For Fiscal Year:	2014-15

C.E.O. RECOMMENDATION:

APPROVE

BY:
George A. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Prev. Agn. Ref.: 3.5 12/18/2012

District: All

Agenda Number:

3-8

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11:**

DATE:

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BACKGROUND:

Summary (continued)

The East County Detention Center (ECDC) is the most complex capital improvement project undertaken by the County of Riverside. Taken together, there are ten separate projects that are related to the core project with some of the project having multiple phases or components. Three of the projects directly related to the ECDC are the Indio Parking Structure, the Larry D. Smith Correctional Facility Laundry and ECDC. Other projects include AEOC-RCIT Hub, Larson Justice Center Courtrooms, Southwest Justice Center Courtrooms and a Parking lot for the Courts.

The ECDC will replace an existing, aged and undersized detention facility with a modern facility featuring 1,626 beds in a 506,000 square foot building on a 6.5 acre site. The ECDC projects was planned to be constructed in three phases; demolition and site preparation, ECDC construction, and demolition of the existing detention center and construction of surface parking lot. The project was partially funded through a \$100 million funding allocation the County received under the State of California's AB 900 Phase II detention capacity expansion program. The County provided a \$10 million DIF match and the remaining balance of the project was to be covered by bond financing and payments made over the next 30 years. The Board has approved budgets for these projects totaling \$328,424,915. At present, the State is in the final stages of approving the plans for ECDC and once approval is received and appropriate changes are made, the project will go out for construction bids. At that time, County will have a better estimate of ECDC and will bring it back to the Board for necessary adjustments.

The County is at the stage in the project that it has exhausted its current resources and needs to finance the remaining part of the project. This financing will be used to complete the construction of the ECDC and the related projects. Additional capacity is routinely requested in bond documents to accommodate costs increases. The current request is to issue bonds up to \$325,000,000.

If approved, staff recommends issuing up to \$325 million in fixed interest rate bonds. The Bonds will be issued as tax-exempt bonds through the Riverside County Public Financing Authority (the "PFA"). The Bonds mature in the years 2015 through 2044. Payments on the Bonds are secured by a lease between the PFA and the County. The lease payments will be made by the general fund. The average annual debt service is anticipated to be approximately \$22 million. The 1985 ACE's financing will be paid in full on September 15, 2014. This general fund obligation will then be replaced by the Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project) Series 2014 (the "ECDC project"). The ACE's current average annual debt service is \$10 million. The difference will be a new general fund obligation.

This item has been approved by the Debt Advisory Committee.

This item also has a companion item on the Public Financing Authority agenda.

Impact on Citizens and Businesses

The completion of these projects will expand jail capacity for the County of Riverside. This will provide the County additional jail beds to house detainees.

SUPPLEMENTAL:

Additional Fiscal Information

N/A

RESOLUTION NO. 2014-163

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE APPROVING THE ISSUANCE BY THE RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY OF NOT TO EXCEED \$325,000,000 AGGREGATE PRINCIPAL AMOUNT OF LEASE REVENUE BONDS (EAST COUNTY DETENTION CENTER PROJECT), SERIES 2014, APPROVING THE EXECUTION AND DELIVERY OF AN INDENTURE, A SITE LEASE AND A FACILITY LEASE, AND OTHER MATTERS RELATED THERETO

WHEREAS, the Riverside County Public Financing Authority (the "Authority") is a joint exercise of powers authority, duly organized and existing under and pursuant to that certain Amended and Restated Joint Exercise of Powers Agreement, dated as of May 15, 1999 (the "Joint Powers Agreement"), by and between the County of Riverside (the "County") and the Redevelopment Agency of the County, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and is authorized and empowered pursuant to Article 4 (commencing with Section 6584) of the Act to issue bonds for the purposes of financing and refinancing public capital improvements; and

WHEREAS, the County has expressed its desire to provide for the financing of certain public improvements (the "Project"); and

WHEREAS, in order to provide the funds necessary to finance the Project, the County and the Authority will enter into a Site Lease (the "Site Lease"), whereby the County will lease to the Authority certain real property and the improvements located thereon (the "Leased Property"), and the County and the Authority will enter into a Facility Lease (the "Facility Lease"), whereby the County will sublease from the Authority the Leased Property; and

WHEREAS, pursuant to an assignment agreement (the "Assignment Agreement"), the Authority will transfer certain of its rights, title and interests in and to the Site Lease and the Facility Lease, including its right to receive base rental payments due under the Facility Lease, to U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America (the "Trustee"); and

WHEREAS, pursuant to an Indenture (the "Indenture") by and among the County, the Authority and the Trustee, the Authority will issue and deliver its Riverside County Public Financing Authority Lease Revenue Bonds (East County Detention Center Project), Series 2014 in an aggregate principal amount of not to exceed \$325,000,000 (the "Bonds"), the proceeds of which will be used to finance the Project and related costs of issuance and a reserve fund; and

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 7/3/14
DALE A. GARDNER DATE

WHEREAS, the Bonds will be secured by, among other things, the base rental payments made by the County under the Facility Lease; and

WHEREAS, in connection with the issuance and delivery of the Bonds, the Authority also desires to approve the form and distribution of a preliminary official statement (the "Preliminary Official Statement") and the form of a purchase contract (the "Purchase Contract") among the Authority, the County and the co-senior underwriters and co-managers named therein (collectively, the "Underwriter"); and

WHEREAS, to fulfill the requirements of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"), the County and the Trustee will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), whereby the County will agree to provide certain continuing disclosure reports; and

WHEREAS, the County, in consideration of the Authority's determination to assist with the financing of the Project as described above, has agreed to indemnify and hold harmless the Authority in connection with entering into the Site Lease and the Facility Lease and the Project, as more particularly set forth in the Facility Lease; and

WHEREAS, the County hereby finds that the financing of the Project within the County will result in significant public benefits in the form of employment benefits from undertaking the Project in a timely fashion and the more efficient delivery of services to residential and commercial development; and

WHEREAS, on this date, the County held a public hearing on the financing of the Project in accordance with Section 6586.5 of the Government Code of the State of California (the "Act"); and

WHEREAS, in accordance with Section 6586.5 of the Act, notice of such hearing was published once at least five days prior to the hearing in a newspaper of general circulation in the County; and

WHEREAS, there have been presented to this meeting proposed forms of the following documents:

1. an Indenture;
2. a Site Lease;
3. a Facility Lease;
4. a Purchase Contract;
5. a Preliminary Official Statement; and
6. a Continuing Disclosure Agreement;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE COUNTY BOARD OF SUPERVISORS AS FOLLOWS:

SECTION 1. Approval of Issuance of Bonds by the Authority. The issuance of the Bonds by the Authority on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture and this Resolution, is hereby approved; provided, however, that (i) the aggregate principal amount of Bonds shall not exceed \$325,000,000, (ii) the maturity of the Bonds shall not exceed May 1, 2050 and (iii) the true interest cost with respect to the Bonds shall not exceed 6.0% per annum.

SECTION 2. Approval of Indenture. The form of Indenture presented at this meeting is hereby approved and the County Executive Officer, the Deputy County Executive Officer and the County Finance Director, or his or her designee (each, an "Authorized Officer") are hereby authorized and directed, for and in the name of and on behalf of the County, to execute, acknowledge and deliver the Indenture in substantially the form presented at this meeting with such changes therein as the Authorized Officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof, including with respect to whether and what type(s) of credit enhancement secures the Bonds, the amount to be deposited in a reserve fund for the Bonds, or by other factors, as determined by the Authorized Officers in consultation with the County's financial and legal consultants as being in the best interests of the Authority and the County.

SECTION 3. Approval of Site Lease. The form of Site Lease presented at this meeting is hereby approved and the Authorized Officers are hereby authorized and directed, for and in the name of and on behalf of the County, to execute, acknowledge and deliver the Site Lease in substantially the form presented at this meeting with such changes therein as the Authorized Officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 4. Approval of Facility Lease. The form of Facility Lease presented at this meeting is hereby approved and the Authorized Officers are hereby authorized and directed, for and in the name of and on behalf of the County, to execute, acknowledge and deliver the Facility Lease in substantially the form presented at this meeting with such changes therein as the Authorized Officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 5. Approval of Purchase Contract. Each Authorized Officer is hereby severally authorized and directed to execute and deliver the Purchase Contract in the form presented to this meeting, with the Underwriter of the Bonds, with such changes therein as such Authorized Officer shall approve as evidenced by the execution thereof; *provided, however*, that the underwriting fee payable pursuant to the Purchase Contract shall not exceed .20% of the aggregate principal amount of the Bonds and the maturity date, the principal amount of the Bonds and the interest rates thereon shall be limited as specified in Section 1 hereof.

SECTION 6. Approval of Official Statement. The Preliminary Official Statement is hereby approved and the same may be used and is hereby authorized to be used and distributed in the market by the Underwriter incident to the marketing of the Bonds. Each Authorized

Officer is hereby authorized to (a) make such changes in such form of the Preliminary Official Statement as such Authorized Officer, in consultation with County Counsel and the Underwriter, shall determine to be appropriate, and (b) on behalf of the County, to deem such Preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). Each Authorized Officer is authorized and directed to prepare a final Official Statement, with such additional information as may be permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, which final Official Statement shall be executed and delivered in the name and on behalf of the County by an Authorized Officer, and such Authorized Officer is authorized and directed to prepare, execute and deliver in the name and on behalf of the County any supplemental filings related to such final Official Statement.

SECTION 7. Approval of Continuing Disclosure Agreement. The form of Continuing Disclosure Agreement presented at this meeting is hereby approved and each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the County, to execute, acknowledge and deliver the Continuing Disclosure Agreement in substantially the form presented at this meeting with such changes therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 8. Other Acts. The officers and staff of the County are hereby authorized and directed, jointly and severally, to do any and all things, to execute and deliver any and all documents, which in consultation with Counsel to the County or with Orrick, Herrington & Sutcliffe LLP, the County and Authority's bond counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, including without limitation, negotiating the terms of a bond insurance policy and/or a reserve fund surety bond to the extent such insurance and/or surety bond is determined to be economically advantageous, and any and all such actions previously taken by such officers or staff members are hereby ratified and confirmed.

SECTION 9. Effective Date. This Resolution shall take effect upon adoption.
PASSED and ADOPTED this July 15, 2014.

JEFF STONE, Chairman of the Board of
Supervisors

ATTESTED:
Clerk of the Board of Supervisors
KECIA HARPER-IHEM

[Insert Clerk's Certificate Regarding Due Adoption of Resolution]