

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE
RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



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 Directors:

1. Approve and adopt Resolution No. PFA2014-02 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.

Ivan M. Chand
Deputy County Executive Officer

Continued on pg. 2

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner
DATE: 7/3/14
Departmental Concurrence

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:

5-1

JUL 11 10:00 AM '14

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 allow financing 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. PFA2014-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$325,000,000 OF RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY LEASE REVENUE BONDS (EAST COUNTY DETENTION CENTER PROJECT), SERIES 2014, APPROVING THE EXECUTION AND DELIVERY OF VARIOUS RELATED DOCUMENTS IN CONNECTION WITH THE OFFERING AND SALE OF SUCH BONDS 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, 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, there have been presented to this meeting the proposed forms of the following documents:

- (a) the Indenture;
- (b) the Assignment Agreement;
- (c) the Site Lease;
- (d) the Facility Lease;
- (e) the Preliminary Official Statement; and
- (f) the Purchase Contract;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE RIVERSIDE COUNTY PUBLIC FINANCING AUTHORITY AS FOLLOWS:

SECTION 1. Issuance of Bonds. 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 Chair, the Vice Chair, and the Secretary of the Authority (each an "Authorized Officer") are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Indenture in substantially the form presented at this meeting with such changes therein as the 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, or by other factors, as determined by the Authorized Officers in consultation with the Authority'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 each Authorized Officer is hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute, acknowledge and deliver the Site Lease 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 4. Approval of Facility Lease. The form of Facility Lease 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 Authority, to execute, acknowledge and deliver the Facility Lease 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 5. Approval of Assignment Agreement. The form of Assignment 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 Authority, to execute, acknowledge and deliver the Assignment 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 6. Approval of Purchase Contract. The Authority is hereby authorized to enter into the Purchase Contract and each Authorized Officer is hereby authorized and directed to execute and deliver the Purchase Contract on behalf of the Authority, in substantially the form presented to this meeting, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer shall approve in consultation with the Authority Counsel and Bond Counsel, which approval shall be conclusively evidenced by the execution and delivery 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 7. 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 officer, in consultation with Authority Counsel and the Underwriter, shall determine to be appropriate, and (b) on behalf of the Authority, 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 Authority 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 Authority any supplemental filings related to such final Official Statement.

SECTION 8. Other Acts. The officers and staff of the Authority 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 Authority or with Orrick, Herrington & Sutcliffe, the Authority's bond counsel, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, 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 Directors

ATTESTED:
Secretary of the Public Financing Authority
KECIA HARPER-IHEM

CERTIFICATION:

The undersigned Secretary of the Riverside County Public Financing Authority, does hereby certify that the foregoing Resolution No. PFA2014-02 was duly adopted by the Riverside County Public Financing Authority at a meeting thereof held on July 15, 2014, by the following vote to wit:

AYES: Board

NOES: None

ABSENT: None

ABSTAIN: None

Secretary