

FORM APPROVED COUNTY COUNSEL  
BY: GREGORY P. PRIAMOS  
DATE: 10/23/14

Departmental Concurrence

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

124



FROM: Executive Office

SUBMITTAL DATE:  
October 23, 2014

SUBJECT: Letter of Credit Extension

**RECOMMENDED MOTION:** That the Board of Supervisors approve Resolution No. 2014-215, Authorizing and Approving the extension of a Letter of Credit through a Fourth Amendment to Amended and Restated Sublease and Option to Purchase relating to the County's 1990 Taxable Variable Rate Certificates of Participation (Monterey Avenue Project). (VOTE ON SEPARATELY)

## BACKGROUND:

### Summary

The County has a variable rate Certificates of Participation Issue outstanding, the 1990 Monterey Avenue Project. The Letter of Credit (LOC) for this issue is set to expire on December 31, 2014. State Street Bank, the provider of the LOC, has agreed to extend the LOC through the maturity of the bonds on November 1, 2020. The cost will reduce from 130 basis points to 50 basis points, a savings of approximately \$39,500 per year.

*Lani Sioson*  
Lani Sioson  
Principal Management Analyst

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 19,500	\$ 19,500	\$ 117,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: Capital Finance Administration Fund #35900				Budget Adjustment:	No
				For Fiscal Year:	14-15

## C.E.O. RECOMMENDATION:

APPROVE

BY: *Ivan M. Chand*  
Ivan M. Chand 10/27/2014

County Executive Office Signature

## MINUTES OF THE BOARD OF SUPERVISORS

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

Prev. Agn. Ref.:

District:

Agenda Number:

3-1

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
**FORM 11: Letter of Credit Extension**  
**DATE: October 23, 2014**  
**PAGE: 2 of 2**

**Impact on Citizens and Businesses**

No direct impact.

**SUPPLEMENTAL:**

**Additional Fiscal Information**

None

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**RESOLUTION NO. 2014-215**

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE AUTHORIZING AND APPROVING THE EXTENSION OF A LETTER OF CREDIT THROUGH A FOURTH AMENDMENT TO AMENDED AND RESTATED SUBLEASE AND OPTION TO PURCHASE RELATING TO THE COUNTY'S 1990 TAXABLE VARIABLE RATE CERTIFICATES OF PARTICIPATION (MONTEREY AVENUE PROJECT)

WHEREAS, the County has previously caused to be executed and delivered its 1990 Taxable Variable Rate Certificates of Participation (Monterey Avenue Project) in the aggregate principal amount of \$8,800,000 and currently outstanding in the aggregate principal amount of \$3,900,000 (the "Certificates"), pursuant to a Trust Agreement, dated as of June 1, 1990, by and between the County and the Trustee as amended by that certain First Amendment to Trust Agreement, dated as of January 26, 1996, and that certain Second Amendment to Trust Agreement, dated as of May 1, 2003 (as so supplemented and amended and as it may be further supplemented and amended from time to time, the "Trust Agreement");

WHEREAS, in connection with the execution and delivery of the Certificates, the County and the Desert Facilities Corporation (predecessor in interest to the County of Riverside Asset Leasing Corporation) (the "Corporation") entered into the Ground Lease, dated as of June 1, 1990, as amended by that certain First Amendment to Ground Lease, dated as of January 26, 1996, that certain Second Amendment to Ground Lease, dated as of May 1, 2003, and that certain Third Amendment to Ground Lease, dated as of November 1, 2012 (as so supplemented and amended and as it may be further supplemented and amended from time to time, the "Ground Lease");

WHEREAS, in connection with the execution and delivery of the Certificates, the County, the Corporation and The Sanwa Bank, Limited entered into the Sublease and Option to Purchase, dated as of June 1, 1990, as subsequently supplemented and amended by that certain Amended and

FORM APPROVED COUNTY COUNSEL  
BY: *[Signature]* DATE: 10/22/14  
DALE A. GARDNER

1 Restated Sublease and Option to Purchase, dated as of January 26, 1996, that certain First  
2 Amendment to Amended and Restated Sublease and Option to Purchase, dated as of July 20, 2000,  
3 that certain Amended and Restated Sublease and Option to Purchase, dated as of May 1, 2003, that  
4 certain First Amendment to Amended and Restated Sublease and Option to Purchase, dated as of  
5 April 25, 2006, that certain Second Amendment to Amended and Restated Sublease and Option to  
6 Purchase, dated as of May 1, 2009, and that certain Third Amendment to Amended and Restated  
7 Sublease and Option to Purchase, dated as of November 1, 2012 (as so supplemented and amended  
8 and as it may be further supplemented and amended from time to time, the "Sublease");  
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10 WHEREAS, in connection with the execution and delivery of the Certificates, the  
11 Corporation and the Trustee entered into an Assignment Agreement, dated as of June 1, 1990, as  
12 subsequently supplemented and amended by that certain Amended and Restated Assignment  
13 Agreement, dated as of January 26, 1996 (the "Assignment Agreement") pursuant to which the  
14 Corporation assigned to the Trustee for the benefit of holders of the Certificates all of the  
15 Corporation's rights under the Ground Lease and the Sublease, excepting only certain rights to  
16 indemnification for losses and expenses;  
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18 WHEREAS, in June 2003, State Street Bank and Trust Company (the "Banks") issued, for the  
19 benefit of the Trustee for the account of the County, its Irrevocable Letter of Credit No. ILC-  
20 1305/BSN (the "Letter of Credit"), in the total stated amount set forth in the Letter of Credit, a  
21 portion of which supports the payment of principal evidenced by, or portion of the purchase price  
22 corresponding to the principal evidenced by, the Certificates, and a portion of which supports the  
23 payment of interest evidenced by, or portion of the purchase price corresponding to interest  
24 evidenced by, the Certificates;  
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26 WHEREAS, the current Stated Termination Date of the Letter of Credit is December 31,  
27 2014;  
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2 WHEREAS, the County has requested that the Banks extend the Stated Termination Date of  
3 the Letter of Credit to November 5, 2020, and the Banks have agreed to such extension on the  
4 condition of the execution and delivery of an amendment to the Sublease;  
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6 WHEREAS, the County and the Banks desire to amend the Sublease and, pursuant to the  
7 terms of the Sublease and the Assignment Agreement, the County, the Banks and the Agent, with the  
8 written consent of the Trustee, are permitted to amend the Sublease;

9  
10 WHEREAS, the County is authorized to undertake all of the above pursuant to the laws of the  
11 State of California.

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

14 Section 1. The proposed Fourth Amendment to Amended and Restated Sublease and Option  
15 to Purchase (the "Fourth Amendment to Sublease"), by and among the County and State Street Bank  
16 and Trust Company, as a Bank, the Banks and Agent, and consented to by the Trustee, in  
17 substantially the form on file with the Clerk of the Board, is hereby approved. The County Executive  
18 Officer, the Deputy County Executive Officer, the County Director of Finance and any other  
19 authorized officers of the County acting on behalf of the County Executive Officer (each an  
20 "Authorized Representative" and, collectively, the "Authorized Representatives") are, and each of  
21 them acting alone is, hereby authorized and directed, for and in the name of and on behalf of the  
22 County, to execute and deliver the Fourth Amendment to Sublease in substantially the form on file  
23 with the Clerk of the Board, with such changes therein as the Authorized Representative executing  
24 and delivering such document may require or approve, such requirement or approval to be  
25 conclusively evidenced by the execution and delivery thereof.

26 Section 2. All actions heretofore taken by any officer of the County in connection with or  
27 related to any of the agreements referred to herein are hereby approved, confirmed and ratified.  
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Section 3. The Authorized Representatives are, and each of them acting alone is, authorized and directed to take any and all such actions, and to execute any and all such documents, as may be necessary or desirable to effectuate the purposes of this Resolution.

Section 4. The Clerk of the Board shall certify to the passage of this Resolution 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 4th day of November, 2014.

Chairman of the Board of Supervisors

(SEAL)

ATTEST:

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 \_\_, 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 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 November 2014.

\_\_\_\_\_  
Clerk of the Board of Supervisors

[SEAL]

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RECORDING REQUESTED BY AND )  
WHEN RECORDED MAIL TO: )  
)

Nixon Peabody LLP )  
Gas Company Tower )  
555 West Fifth Street, 46<sup>th</sup> Floor )  
Los Angeles, CA 90013 )  
)

Attention: Charles C. Wolf, Esq.

(Space above for Recorder's use)

This document is recorded for the benefit of the County of Riverside and the recording is fee-exempt under Section 6103 of the Government Code.

**FOURTH AMENDMENT**

Dated as of November 1, 2014

to

**AMENDED AND RESTATED  
SUBLEASE AND OPTION TO PURCHASE  
(Monterey Avenue Project)**

Dated as of May 1, 2003

by and among

**COUNTY OF RIVERSIDE**

and

**STATE STREET BANK AND TRUST COMPANY,**  
as a Bank and the Banks and as the Agent

and consented to by

**U.S. BANK NATIONAL ASSOCIATION,**  
as assignee of certain rights of the Desert Facilities Corporation

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**FOURTH AMENDMENT TO AMENDED AND RESTATED  
SUBLEASE AND OPTION TO PURCHASE**

THIS **FOURTH AMENDMENT** dated as of November 1, 2014 (this "Amendment") to **AMENDED AND RESTATED SUBLEASE AND OPTION TO PURCHASE** dated as of May 1, 2003, as amended to date, is entered into by and among the **COUNTY OF RIVERSIDE** (the "County"), a political subdivision of the State of California (the "State"), **STATE STREET BANK AND TRUST COMPANY** (as more particularly defined in the Sublease (defined herein), a "Bank" and the "Banks") and **STATE STREET BANK AND TRUST COMPANY**, acting in the manner and to the extent described in Section 4.7 of the Sublease (in such capacity and as more particularly defined in the Sublease, the "Agent") and consented to by **U.S. BANK NATIONAL ASSOCIATION**, as successor trustee (the "Trustee"), and as assignee of certain rights of the Desert Facilities Corporation (predecessor in interest to the County of Riverside Asset Leasing Corporation) (the "Corporation");

**W I T N E S S E T H:**

**WHEREAS**, the County has previously caused to be executed and delivered its 1990 Taxable Variable Rate Certificates of Participation (Monterey Avenue Project) in the aggregate principal amount of \$8,800,000 and currently outstanding in the aggregate principal amount of \$3,900,000 (the "Certificates"), pursuant to a Trust Agreement, dated as of June 1, 1990, by and between the County and the Trustee, as amended by that certain First Amendment to Trust Agreement, dated as of January 26, 1996, and that certain Second Amendment to Trust Agreement, dated as of May 1, 2003 (as so supplemented and amended and as it may be further supplemented and amended from time to time, the "Trust Agreement");

**WHEREAS**, in connection with the execution and delivery of the Certificates, the County and the Corporation entered into the Ground Lease, dated as of June 1, 1990, as amended by that certain First Amendment to Ground Lease, dated as of January 26, 1996, that certain Second Amendment to Ground Lease, dated as of May 1, 2003, and that certain Third Amendment to Ground Lease, dated as of November 1, 2012 (as so supplemented and amended to date and as it may be further supplemented and amended from time to time, the "Ground Lease");

**WHEREAS**, in connection with the execution and delivery of the Certificates, the County, the Corporation and The Sanwa Bank, Limited entered into the Sublease and Option to Purchase, dated as of June 1, 1990, as subsequently supplemented and amended by that certain Amended and Restated Sublease and Option to Purchase, dated as of January 26, 1996, that certain First Amendment to Amended and Restated Sublease and Option to Purchase, dated as of July 20, 2000, that certain Amended and Restated Sublease and Option to Purchase, dated as of May 1, 2003 (the "Amended and Restated Sublease"), that certain First Amendment to Amended and Restated Sublease and Option to Purchase, dated as of April 25, 2006, that certain Second Amendment to Amended and Restated Sublease and Option to Purchase, dated as of May 1, 2009, and that certain Third Amendment to Amended and Restated Sublease and Option to Purchase, dated as of November 1, 2012 (as so supplemented and amended to date, the "Existing

Sublease” and as it may be further supplemented and amended from time to time, including as supplemented and amended by this Amendment, the “Sublease”);

**WHEREAS**, in connection with the execution and delivery of the Certificates, the Corporation and the Trustee entered into an Assignment Agreement, dated as of June 1, 1990, as subsequently supplemented and amended by that certain Amended and Restated Assignment Agreement, dated as of January 26, 1996, and as amended by that certain First Amendment to Assignment Agreement, dated as of November 1, 2012 (as so supplemented and amended to date, and as it may be further supplemented and amended from time to time, the “Assignment Agreement”) pursuant to which the Corporation assigned to the Trustee for the benefit of holders of the Certificates all of the Corporation’s rights under the Ground Lease and the Sublease, excepting only certain rights to indemnification for losses and expenses;

**WHEREAS**, the Banks issued, for the benefit of the Trustee for the account of the County, its Irrevocable Letter of Credit No. ILC-1305/BSN (the “Letter of Credit”), in the total stated amount set forth in the Letter of Credit, a portion of which supports the payment of principal evidenced by, or portion of the purchase price corresponding to the principal evidenced by, the Certificates, and a portion of which supports the payment of interest evidenced by, or portion of the purchase price corresponding to interest evidenced by, the Certificates;

**WHEREAS**, the current Stated Termination Date of the Letter of Credit is December 31, 2014;

**WHEREAS**, the County has requested that the Banks extend the Stated Termination Date of the Letter of Credit to November 5, 2020, and the Banks have agreed to such extension pursuant to a written notice thereof (the “Notice of Extension”) on the condition of the execution and delivery of this Amendment by the parties hereto;

**WHEREAS**, the County and the Banks desire to amend and, pursuant to the terms of the Sublease, the County, the Banks and the Agent, with the written consent of the Trustee, are permitted to amend the Sublease;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

**Section 1. Definitions.** Unless the context clearly otherwise requires, capitalized terms used herein without definition shall have the meanings given to such terms in the Sublease or the Letter of Credit.

**Section 2. Amendments to Existing Sublease.** The Existing Sublease is hereby amended as follows:

(a) The definition of “Bank Rate” set forth in Section 1 of the Existing Sublease is hereby amended by deleting it in its entirety and replacing it with the following:

“**Bank Rate**” means, with respect to each unreimbursed drawing under the Letter of Credit, an interest rate based upon a 360-day year for actual days elapsed until repaid equal to (i) the Alternative Base Rate plus 0.5% per annum

from the date of such drawing to and including the 30th day after such drawing, (ii) the Alternative Base Rate plus 1.0% per annum from and including the 31st day after such drawing to and including the 90th day after such drawing, and (iii) the Alternative Base Rate plus 2.0% per annum from and including the 91st day after such drawing and for each day thereafter; provided that during an Event of Default and from and after the Termination Date all unreimbursed drawings will bear interest at the Default Rate; and provided, further, that in no event shall any such rate per annum (including the Default Rate) be less than the Adjustable Interest Rate on the Certificates that are not Bank Certificates.

(b) Section 1 of the Existing Sublease is hereby amended by adding the following definitions thereto in alphabetical order thereof:

**“Affiliate”** means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

**“Amortization End Date”** means the first to occur of (a) the fifth anniversary of the Amortization Start Date and (b) November 1, 2020.

**“Anti-Terrorism Laws”** shall have the meaning ascribed to such term in Section 4.4(o) hereof.

**“Executive Order”** shall have the meaning ascribed to such term in Section 4.4(o) hereof.

**“Governmental Authority”** means any federal, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity (including any zoning authority, the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind a party at law.

**“Laws”** means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

**“Monthly Amortization Amount”** means, with respect to Bank Certificates held by the Banks for a period in excess of 180 days, a monthly amount sufficient to pay in full by the Amortization End Date the outstanding principal amount of such Bank Certificates as of such 180<sup>th</sup> day in consecutive monthly installments of principal approximately equal in amount, with the entire unpaid balance due and payable in full on the Amortization End Date.

**“OFAC”** shall have the meaning ascribed to such term in Section 4.4(o) hereof.

**“Patriot Act”** shall have the meaning ascribed to such term in Section 12(a) hereof.

**“Person”** means any individual, for-profit or non-profit corporation, partnership, joint venture, association, joint-stock company, estate, trust, unincorporated organization, governmental body or any agency or political subdivision thereof, or other legal entity.

**“Taxes”** shall have the meaning ascribed to such term in Section 4.2(g) hereof.

(c) The lead-in sentence of Section 3.1(b) and all of Section 3.1(b)(i)(A) of the Existing Sublease are hereby amended by deleting it in its entirety and replacing it with the following:

(b) **Additional Base Rental.** (i) In the event the Banks hold Bank Certificates for a period in excess of 180 days (such 180<sup>th</sup> day being the “Amortization Start Date”), then, and until such time as there are no Bank Certificates:

(A) the County shall pay to the Banks on the first Business Day of each month to and including the Amortization End Date and on the Amortization End Date, the lesser of (x) the Monthly Amortization Amount as of Amortization Start Date and (y) the sum of the total Excess Amounts and the Additional Base Rental due for such month; and

(d) Section 4.2(b) of the Existing Sublease is hereby amended by adding the following at the end thereof:

The County shall cause the Remarketing Agent to have a CUSIP number assigned to any such Bank Certificates within one (1) Business Day of any such purchase of such Bank Certificates by the Banks (such CUSIP number to be distinct from the CUSIP number assigned to the Certificates). If requested by the Banks, the County shall apply for within ten (10) Business Days of such request, and utilize its best efforts to obtain as soon as practicable, at its sole cost and expense, a long-term unenhanced rating on the Bank Certificates from at least one nationally recognized securities rating agency of at least investment grade (i.e. “Baa3” or “BBB-” or its equivalent) and as otherwise required for the Banks to

assign and pledge such Bank Certificates to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank.”

(e) Section 4.2(d) of the Existing Sublease is hereby amended by deleting the second sentence thereof in its entirety and replacing it with the following:

The County hereby agrees to pay, as Additional Rental and from such other moneys as may be legally available for such purposes, an annual Letter of Credit fee (for the actual number of days elapsed, computed on the basis of a 360-day year) (i) at the rate of 0.53% per annum for the period commencing on June 3, 2003 and through and including June 11, 2006, (ii) at the rate of 0.47% per annum for the period commencing on June 12, 2006 and through and including June 11, 2009, (iii) at the rate of 1.30% per annum for the period commencing on June 12, 2009 and through and including December 31, 2014, and (iv) at the rate of 0.50% per annum for the period commencing on January 1, 2015, and thereafter, of the average Stated Amount in effect from time to time, payable to the Banks quarterly in arrears, commencing on July 31, 2003 and thereafter on the last day of April, July, October and January of each year with a final payment on the Termination Date of the Letter of Credit, or such earlier date as the Letter of Credit expires in accordance with its terms, and an annual administrative fee, in the amount of \$0, payable to the Agent on the Date of Issuance and on each anniversary thereof.

(f) Section 4.2(f) of the Existing Sublease is hereby amended by deleting it in its entirety and replacing it with the following:

(f) If, on or after November [ ], 2014, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation, promulgation, implementation or administration thereof by any governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, including, notwithstanding the foregoing, all requests, rules, guidelines or directives in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act regardless of the date enacted, adopted or issued, or compliance by a Bank or any participant with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency: (i) subjects such Bank or any participant to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) [this does not seem to be defined] to such Bank or any participant in respect of the Letter of Credit or participations therein, or (ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, such Bank or any participant (other than reserves and assessments taken into account in determining the applicable interest rate), or (iii) imposes any other condition the result of which is to increase the cost to such Bank or any participant of making,

funding or maintaining any amount advanced under the Letter of Credit, or of issuing or participating in the Letter of Credit, or reduces any amount receivable by such Bank or any participant in connection with the Letter of Credit or participations therein, or requires such Bank or any participant to make any payment calculated by reference to the amount of the Letter of Credit or participations therein held or interest or Letter of Credit fees received by it, by an amount deemed material by such Bank or such participant, as the case may be, and the result of any of the foregoing is to increase the cost to such Bank or such participant, as the case may be, of making or maintaining any amount advanced under the Letter of Credit or of issuing or participating in the Letter of Credit or to reduce the return received by such Bank or such participant, as the case may be, in connection with the Letter of Credit or participations therein, then, within 45 days of demand by such Bank or any participant, as the case may be, the County shall pay such Bank or such participant, as the case may be, such additional amount or amounts as will compensate such Bank or such participant, as the case may be, for such increased cost or reduction in amount received. A certificate of a Bank or any participant claiming compensation under this Section 4.2(f) and setting forth the additional amount or amounts to be paid to it hereunder (accompanied by a statement specifying the reasons therefor) shall be conclusive in the absence of manifest error.

(g) Section 4.2(h) of the Existing Sublease is hereby amended by deleting it in its entirety and replacing it with the following:

If a Bank or any participant determines the amount of capital required or expected to be maintained by such Bank or such participant, or any corporation controlling such Bank or such participant, is increased as a result of a Change, then, within 45 days of demand by such Bank or such participant, the County shall pay such Bank or such participant the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Bank or such participant determines is attributable to this Sublease or the Letter of Credit or participation therein, as the case may be, hereunder (after taking into account such Bank's or such participant's policies as to capital adequacy). "Change" means (x) any change after November [ ], 2014 in the Risk-Based Capital Guidelines or (y) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) or in the interpretation, promulgation, implementation or administration thereof after the November [ ], 2014 which affects the amount of capital required or expected to be maintained by such Bank or any participant or any corporation controlling such Bank or any participant. Notwithstanding the foregoing, for purposes of this Sublease, all requests, rules, guidelines or directives in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act shall be deemed to be a Change regardless of the date enacted, adopted or issued and all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States financial regulatory authorities

shall be deemed to be a Change regardless of the date adopted, issued, promulgated or implemented. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on November [ ], 2014, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations adopted prior to November [ ], 2014. A certificate of a Bank or any participant claiming compensation under this Section 4.2(h) and setting forth the additional amount or amounts to be paid to it hereunder (accompanied by a statement specifying the reasons therefor) shall be conclusive in the absence of manifest error.

(h) Section 4.4 of the Existing Sublease is hereby amended by adding the following at the end thereof:

(o) Anti-Terrorism Laws.

(1) Neither the County nor any Affiliate thereof is in violation of any Laws relating to terrorism or money laundering ("Anti-Terrorism Laws"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), and the Patriot Act;

(2) Neither the County nor any Affiliate thereof is any of the following: (A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order; (B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order; (C) a Person with which a Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (D) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or (E) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ("OFAC") or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list; and

(3) To the best of the County's knowledge neither the County nor any Affiliate thereof (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in Section 4.4(o)(2) above, (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(i) Section 12 of the Existing Sublease is hereby amended by deleting it in its entirety and replacing it with the following:

**“Section 12. USA Patriot Act Notice; No Advisory or Fiduciary Relationship; Redactions; Survival of Representations, Warranties and Covenants.”**

(a) **USA Patriot Act Notice.** The Banks are subject to the Patriot Act (as hereinafter defined) and the Banks hereby notify the County that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Patriot Act”), it is required to obtain, verify and record information that identifies the County, which information includes the name and address of the County and other information that will allow each such Bank to identify the County in accordance with the Patriot Act.

(b) **No Advisory or Fiduciary Relationship.** In connection with any aspect of the transactions contemplated by this Sublease or the Related Documents (including in connection with any amendment, waiver or other modification hereof or of any Related Document), the County acknowledges and agrees that (1)(A) the Letter of Credit issued by the Banks pursuant to this Sublease was negotiated in arm’s-length commercial transactions between the County, on the one hand, and the Banks, on the other hand, (B) the County has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the County is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Sublease; (2)(A) in connection with the issuance of the Letter of Credit by the Banks pursuant to this Sublease and with the discussions, undertakings and procedures leading up to the consummation of the transactions contemplated by this Sublease, each Bank is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the County or any other Person in connection with the transactions contemplated by this Sublease or the discussions, undertakings and procedures leading thereto and (B) no Bank has any obligation to the County with respect to the transactions contemplated by this Sublease except those obligations expressly set forth in the Letter of Credit and this Sublease; and (iii) each Bank may be engaged in a broad range of transactions that involve interests that differ from those of the County, and no Bank has any obligation to disclose any of such interests to the County.

(c) **Redactions.** In the event on or subsequent to November [ ], 2014, the County delivers or causes to be delivered to the Remarketing Agent for delivery to the Municipal Securities Rulemaking Board, or directly to the Municipal Securities Rulemaking Board, in either instance pursuant to Rule G-34 (“CUSIP Numbers, New Issue, and Market Information Requirements”), a copy of this Sublease (including without limitation any amendments hereto), the County shall only provide or cause to be provided a copy of this Sublease (including without limitation any amendments hereto), in the form provided by the Banks, that redacts such confidential information contained in this Sublease (including without limitation any amendments hereto) which could be used in a fraudulent manner, such as any VRDO liquidity bank routing or account numbers,

staff names and contact information and fees assessed by the Banks, which redaction is consistent with MSRB Notice 2011-17 (February 23, 2011). The Agent shall provide such redacted copies of this Sublease (including without limitation any amendments hereto) upon request by the County. The County shall cause the Remarketing Agent to deliver only such redacted copies of this Sublease (including without limitation any amendments hereto), in the form provided by the Banks, to the Municipal Securities Rulemaking Board pursuant to said Rule G-34.

(d) **Survival of Representations, Warranties and Covenants.** All representations, warranties and covenants made by the County herein and in any document delivered pursuant hereto shall survive the delivery of this Sublease, the Letter of Credit and any advances under the Letter of Credit, and the agreements contained in Sections 4.2(c)(ii), 4.2(f), 4.2(h) and 11 hereof shall survive payment in full of all sums owing hereunder and the termination of this Sublease.

(j) The addresses for notices to the Agent and the Banks set forth in Section 16 of the Amended and Restated Sublease are hereby amended by deleting in its entirety the addresses set forth therein for the Agent and the Banks and replacing both with "State Street Bank and Trust Company, One Lincoln Street, Boston, Massachusetts 02111, Attention: Darren Carmon."

(k) Section 21 of the Existing Sublease is hereby amended by adding the following at the end thereof:

Any Bank may assign and pledge all or any portion of the obligations owing to it hereunder or under the other Related Documents to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned obligations made by the County to such Bank in accordance with the terms of this Sublease shall satisfy the County's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such collateral assignment shall release any such Bank from its obligations under the Letter of Credit.

(l) Section 22 of the Existing Sublease is hereby amended by adding the following at the end thereof:

In the event the waiver of jury trial as set forth in this Section shall be declared void or unenforceable, the County agrees to refer the dispute to a judicial referee in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure.

**Section 3. Conditions Precedent.** The effectiveness of this Amendment and the issuance by the Banks of the Notice of Extension shall be subject to the fulfillment of the

following conditions precedent on or before November [ ], 2014 (the "Amendment Effective Date"), in a manner satisfactory to the Banks and their counsel:

(a) The Banks shall have received a conformed copy of this Amendment, by the County and consented to by the Trustee, as assignee of certain rights of the Corporation, in form and substance satisfactory to the Banks and their counsel;

(b) The Banks shall have received a certified copy of the authorizing resolution of the Board of Supervisors of the County, including records of proceedings of the County, instruments, governmental approvals, third party approvals, opinions and incumbency certificates as the Banks and their counsel may reasonably request, such documents where appropriate to be certified by proper officials;

(c) The Banks shall have received a certificate of the County certifying the names and true signatures of the representatives of the County authorized to sign this Amendment and any other documents to be delivered by the County on the Amendment Effective Date;

(d) The Banks shall have received a certificate signed by a County Representative, and dated the Amendment Effective Date, stating that (i) the representations and warranties contained in the Sublease and in each certificate, letter, other writing or instrument furnished or delivered by the County to the Banks pursuant thereto and specified in such certificate are true and correct in all material respects at and as of the Amendment Effective Date as though made on and as of such date, (ii) no event has occurred and is continuing, or would result from the execution and delivery of this Amendment which constitutes a Default or an Event of Default, and (iii) true, complete (including all exhibits, attachments, schedules, amendments or supplements thereto) and executed counterparts of this Amendment have been delivered to the Banks and except as provided in this Amendment and the transcripts previously delivered to the Banks, the Related Documents have not been modified, amended or rescinded, and are in full force and effect as of the Amendment Effective Date;

(e) The Banks shall have received the opinion of Nixon Peabody LLP, special counsel, dated the Amendment Effective Date and addressed to the Banks, as to (A) the due authorization, execution and delivery with respect to the County of this Amendment and the validity and enforceability with respect to the County of the Sublease and the Ground Lease, (B) that the execution of this Amendment by the County, the Banks and the Agent, with the consent of the Trustee, is authorized under and in compliance with the provisions of the Sublease; (C) that the Sublease and the Ground Lease remain in full force and effect; (D) that the federal and state tax exemption on the portion of the Base Rental comprising interest and received by the owners of the Certificates are not negatively affected by this Amendment, and (E) addressing such other matters as the Banks may reasonably request, in form and substance satisfactory to the Banks and their counsel;

(f) The Banks shall have received the opinion of the Office of County Counsel, as counsel to the County, dated the Amendment Effective Date and addressed to the Banks, in form and substance satisfactory to the Banks and their counsel;

(g) The Banks shall have received a certificate executed by an authorized officer of the Trustee and of the Tender Agent evidencing the signatures and office of officers of each executing this Amendment and authorized to draw on the Letter of Credit, and with respect to such other matters as the Banks may require, in form and substance satisfactory to the Banks and their counsel;

(h) The Banks shall have received the opinion of counsel to the Trustee and the Tender Agent, dated the Amendment Effective Date and addressed to the Banks, with respect to the validity and enforceability with respect to the Trustee of the Sublease and the Ground Lease and addressing such other matters as the Banks may require, in form and substance satisfactory to the Banks and their counsel;

(i) The Banks shall have received evidence that all amounts owing under Section 5 hereof shall have been paid or the Banks shall be reasonably satisfied that payment thereof will be made promptly after demand therefor after the Amendment Effective Date; and

(j) The Banks shall have received such other documents, instruments, approvals (and, if requested by the Banks, certified duplicates of executed copies thereof) or opinions as the Banks may reasonably request.

**Section 4. Representations and Warranties by the County.** The County represents and warrants as of the Amendment Effective Date as follows:

(a) The representations and warranties of the County set forth in Section 4.4 of the Amended and Restated Sublease and in any and all documents delivered to the Banks in connection herewith are true and correct on and as of the Amendment Effective Date, as if made on and as of such date;

(b) No Default or Event of Default has occurred and is continuing under the Sublease; and

(c) No default has occurred and is continuing under any of the Related Documents.

**Section 5. Costs and Expenses.** The County shall pay to the Banks, from Additional Rental and such other amounts as may be available for payment under law, all attorneys' fees and disbursements incurred by the Banks in connection with the execution and delivery of this Amendment and the issuance by the Banks of the Notice of Extension. The County hereby agrees that such attorneys' fees and disbursements are included as obligations under Section 4.2(c)(ii) of the Amended and Restated Sublease.

**Section 6. Ratification of Existing Sublease.** The Existing Sublease is hereby ratified and confirmed in all respects and all terms, conditions and provisions of the Existing Sublease, except as amended by this Amendment, shall remain in full force and effect. The provisions of this Amendment shall supersede and prevail over any conflicting provisions of the Existing Sublease. If there is any conflict between the terms, conditions and provisions of this Amendment and those of any of the Related Documents, the terms, conditions and provisions of this Amendment, as applicable, shall prevail.

**Section 7. No Waiver.** The County acknowledges and agrees that, if and to the extent that the Banks have not heretofore required strict compliance with the performance by the County of the covenants, agreements and obligations of the County under the Sublease or the Related Documents, such action or inaction shall not constitute a waiver of, or otherwise affect in any manner, the Banks' rights and remedies under the Sublease or the Related Documents, as amended hereby, including the right to require performance of such covenants, agreements and obligations strictly in accordance with the terms and provisions thereof.

**Section 8. Counterparts.** This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

**Section 9. Choice of Law.** This Amendment is made in the State of California under the Constitution and laws of the State of California and is to be so construed.

**Section 10. Validity and Severability.** If any one or more of the terms, provisions, promises, covenants or conditions of this Amendment shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then each and all of the remaining terms, provisions, promises, covenants and conditions of this Amendment shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

**Section 11. Amendment Effective Date.** Subject to satisfaction of the conditions precedent set forth in Section 3 hereof, this Amendment shall become effective upon the execution and delivery hereof by the County, the Banks, the Agent and the Trustee on the Amendment Effective Date.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

**COUNTY OF RIVERSIDE**

By \_\_\_\_\_  
Deputy County Executive Officer

ATTEST:

By \_\_\_\_\_  
Clerk of the Board of Supervisors

FORM APPROVED COUNTY COUNSEL  
BY: Dale A. Gardner 10/22/14  
DALE A. GARDNER DATE

**STATE STREET BANK AND TRUST  
COMPANY,  
as a Bank and the Banks**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**STATE STREET BANK AND TRUST  
COMPANY, as the Agent**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CONSENTED TO  
as assignee of certain rights of the  
DESERT FACILITIES CORPORATION  
(predecessor in interest to the County of Riverside  
Asset Leasing Corporation)  
this \_\_\_\_ day of November 2014:

**U.S. BANK NATIONAL ASSOCIATION,  
as successor Trustee**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF CALIFORNIA   )  
  ) SS.  
COUNTY OF RIVERSIDE   )

On \_\_\_\_\_, 2014 before me, \_\_\_\_\_, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument pursuant to a resolution of its board of supervisors.

WITNESS my hand and official seal.

[SEAL]

\_\_\_\_\_

STATE OF CALIFORNIA                    )  
  ) SS.  
COUNTY OF [        ]                    )

On \_\_\_\_\_, 2014 before me, \_\_\_\_\_, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument pursuant to its by-laws or resolution of its board of directors.

WITNESS my hand and official seal.

[SEAL]

\_\_\_\_\_

STATE OF CALIFORNIA                    )  
  ) SS.  
COUNTY OF [\_\_\_\_\_]                    )

On \_\_\_\_\_, 2014 before me, \_\_\_\_\_, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

[SEAL]

\_\_\_\_\_

STATE OF CALIFORNIA                    )  
  ) SS.  
COUNTY OF [            ]    )

On \_\_\_\_\_, 2014 before me, \_\_\_\_\_, a Notary Public in and for said State, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

[SEAL]

\_\_\_\_\_