

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

840



FORM APPROVED COUNTY COUNSEL  
BY: PATRICIA MUNROE 6/4/13  
DATE

**FROM:** Economic Development Agency / Facilities Management

**SUBMITTAL DATE:**  
June 6, 2013

**SUBJECT:** Initiation of Ordinance Approving a Public Leaseback to Finance Cost of Construction of a County Law Office Building in Indio

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Adopt an order initiating an ordinance that would approve a public leaseback to finance the cost of construction of the County Law Building (Project) in Indio; and
2. Direct the Economic Development Agency to prepare and process the ordinance.

**BACKGROUND:** (Commences on Page 2)

FISCAL PROCEDURES APPROVED  
PAUL ANGULO, CPA, AUDITOR-CONTROLLER  
BY: SAMUEL WONG 6/4/13

**REVIEWED BY CIP**  
*Christopher Hans*  
**Christopher Hans**

*Robert Field*  
**Robert Field**  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 5,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

**COMPANION ITEM ON BOARD AGENDA:** No

<b>SOURCE OF FUNDS:</b> East County Detention Center Project Budget 100%	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input checked="" type="checkbox"/>

**C.E.O. RECOMMENDATION:**

APPROVE

*Jennifer Sargent*  
BY: **Jennifer L. Sargent**

**County Executive Office Signature**

**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Benoit, seconded by Supervisor Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

**Ayes:** Jeffries, Tavaglione, Stone, Benoit and Ashley  
**Nays:** None  
**Absent:** None  
**Date:** June 18, 2013  
**xc:** EDA, Auditor, CIP, Co.Co.

**Kecia Harper-Ihem**  
Clerk of the Board  
By: *Kecia Harper-Ihem*  
3-25 Deputy

Prev. Agn. Ref.: 3.12 of 10/18/11; 3.11 of 12/6/11; 3.19 of 3/27/13; 3.21 of 11/6/12;  
3.2 of 4/9/13

**District:** 4/4

**Agenda Number:**

**BACKGROUND:**

In 2011, California Governor Jerry Brown signed into law Assembly Bill 109, known as the "Realignment Plan" which shifts the responsibility from the state to counties for the custody, treatment and supervision of certain offenders. This legislation, combined with the current level of demand for detention facilities in the County, has resulted in the need for additional detention system capacity.

To aid in the financing of such a facility, on March 27, 2012, the Board of Supervisors approved item 3.19 entitled "Acceptance of \$100 million AB 900 Funding Award from the Corrections Standards Authority," formally accepting a funding award in the amount of \$100 million to be applied to the planning, design, and construction of a new detention facility in the County.

The Indio CAC facility at 82-675 Highway 111, Indio was deemed to be the location most suitable for this Project and on November 6, 2012, the Board of Supervisors approved item 3.21 for an architectural services agreement to be executed between an architectural firm and the County.

The County will plan and construct a detention facility on the Indio CAC site which will be known as the East County Detention Center (ECDC). The site is currently improved with office and related facilities totaling approximately 122,000 square feet built from 1968 to 1975. The County plans to relocate the occupants, demolish the facilities, and construct the new detention complex. The new detention complex will feature 1,627 detention beds. On February 26, 2013, the Board of Supervisors approved the Monthly Progress Report Regarding the East County Detention Center, which enumerated the documents required by the State to date in connection with the state-provided bond financing and confirmed the submittal of these documents to the State and compliance by the County.

As a companion Project to the ECDC Project, the Economic Development Agency (EDA) identified County-owned land of approximately 5.68 acres on the southwest corner of Highway 111 and Jackson Street in the city of Indio as the location most suitable for the construction of a privately owned office building of approximately 90,000 square feet with a ground lease to the County to accommodate these departments and entities. The District Attorney, Public Defender, County Counsel, and Law Library will be permanently relocated into this new leased facility. As a result of these moves, TLMA and the Assessor-Clerk Recorder will also need to be relocated. On June 24, 2012, EDA issued a Request for Proposal to real estate developers for the planning, design, and construction of a 90,000 square foot office building to be known as the County Law Building and recommended the Board approve a Pre-Development Agreement with the Trammell Crow Company which was approved by the Board of Supervisors on April 9, 2013, as item 3-2. EDA is working to negotiate a Ground Lease and Facilities Lease with Riverside Community Properties Development, Inc. (RCP) as landlord and the Trammell Crow Company as developer and will bring these negotiated documents to the Board in the future for Board of Supervisors consideration. The estimated completion timeframe for the County Law Building is the first calendar quarter of 2015.

To facilitate the financing of the Project, the landlord will procure the funds through a private bond offering.

(Continued)

**BACKGROUND:** (Continued)

Pursuant to Revenue Procedure 82-26 of the U.S. Treasury, bonds issued by a nonprofit corporation organized under the laws of the state of California in order to finance facilities in the state of California may qualify as tax-exempt obligations upon compliance with the requirements set forth in the Revenue Procedure. Riverside Community Properties Development, Inc. (RCP) has been formed as a nonprofit public benefit corporation for the purpose of designing, permitting, constructing and equipping a new law office building and associated the Project for use by the County of Riverside.

Since the County owns land on which the Project will be constructed, it will enter into a ground lease of the land with RCP. In order to finance the Project, RCP proposes to issue tax-exempt bonds, to be designated as the "Riverside Community Properties Development, Inc. Lease Revenue Bonds, 2013 (Riverside County Law Building)."

RCP proposes to enter into a Facilities Lease Agreement (the Facilities Lease) under which RCP will undertake the Project and lease the Premises to the County; and payments by the County of rent under the Facilities Lease will be used to pay debt service on the Bonds, but the Bonds do not constitute an obligation or debt of the County.

Since the County does not wish to directly undertake the governmental burden associated with development of the Project, the proposal by RCP is the most efficient means for managing the financing, construction and operation of the Project. However, the transaction, as proposed, constitutes a public leaseback. As such, Government Code § 54241 requires that the action be approved by ordinance.

Environmental review for the project pursuant to the California Environmental Quality Act (CEQA) is in the process of being conducted.

This initiation of ordinance has been approved as to form by County Counsel.

**FINANCIAL DATA:**

Preparation, publication and hearing will cost approximately \$5,000. All costs associated with this ordinance are fully funded through the East County Detention Center Budget for FY 2012/13. Thus, no additional net county cost will be incurred as a result of the transaction.

DRAFT

ORDINANCE NO. 919

AN ORDINANCE OF THE COUNTY OF RIVERSIDE  
APPROVING A PUBLIC LEASEBACK TO FINANCE THE COSTS OF CONSTRUCTION OF A  
COUNTY LAW OFFICE BUILDING IN INDIO

COPY

The Board of Supervisors of the County of Riverside ordains as follows:

Section 1. FINDINGS. The Board of Supervisors finds that:

- a. Pursuant to Revenue Procedure 82-26 of the U.S. Treasury (the "Revenue Procedure"), bonds issued by a nonprofit corporation organized under the laws of the state of California in order to finance facilities in the state of California may qualify as tax-exempt obligations upon compliance with the requirements set forth in the Revenue Procedure.
- b. Riverside Community Properties Development, Inc. ("RCP") has been formed as a nonprofit public benefit corporation for the purpose of designing, permitting, constructing and equipping a new law office building and related facilities in Indio, California (the "Project") for use by the County of Riverside (the "County").
- c. The County as the owner of the land on which the Project will be constructed (the "Land") will enter into a ground lease of the Land with RCP (the "Ground Lease").
- d. In order to finance the Project, RCP proposes to issue tax-exempt bonds, to be designated as the "Riverside Community Properties Development, Inc. Lease Revenue Bonds, 2013 (Riverside County Law Building)," in an aggregate principal amount not to exceed \$ \_\_,000,000 (the "Bonds").
- e. RCP proposes to enter into a Facilities Lease Agreement (the "Facilities Lease") under which RCP will undertake the Project and lease the Premises (as such term is defined in the Facilities Lease) to the County.

- 1 f. Payments by the County of rent under the Facilities Lease will be used to pay  
2 debt service on the Bonds, but the Bonds will not in any way constitute an  
3 obligation or debt of the County.
- 4 g. The Revenue Procedure requires that, within one year prior to issuance of the  
5 Bonds, the County approve the nonprofit corporation (RCP) and the bonds to  
6 be issued (the Bonds) and agree to accept title to the Project when the Bonds  
7 are retired.
- 8 h. The Project is necessary to meet the County's requirements for facilities to  
9 house and support essential components of the County's civil and criminal law  
10 functions.
- 11 i. The County does not wish to undertake directly the governmental burden  
12 associated with development of the Project, and has determined that the  
13 proposal by RCP is the most efficient means for managing the financing,  
14 construction and operation of the Project.
- 15 j. The transaction as proposed constitutes a public leaseback that the County  
16 wishes to approve in accordance with Section 54241 of the Government Code.
- 17 k. The potential environmental effects of the Project proposed to be financed  
18 by the Facilities Lease were fully studied in Environmental Assessment No.  
19 \_\_\_\_\_. Based thereon City of Indio, the lead agency, adopted a  
20 [Mitigated Negative Declaration and a Mitigation Monitoring and  
21 Reporting Program] on June \_\_, 2013. The public leaseback will not result  
22 in any new significant environmental effects not identified in  
23 Environmental Assessment No. \_\_\_\_\_, nor will it substantially increase  
24 the severity of the environmental effects identified in Environmental  
25 Assessment No. \_\_\_\_\_. In addition, no considerably different mitigation  
26 measures have been identified and no mitigation measures found infeasible  
27 have become feasible. Accordingly, the Board of Supervisors hereby finds  
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1 that it has fully complied with the California Environmental Quality Act  
2 and no further environmental documentation is required to approve the  
3 public leaseback.

4 Section 2. PURPOSE. The purpose of this ordinance is to approve a public lease-back  
5 to finance the costs of construction of the Project.

6 Section 3. AUTHORITY. This ordinance is adopted pursuant to California  
7 Government Code Section 54241.

8 Section 4. APPROVAL OF PUBLIC LEASEBACK. The public leaseback as set forth  
9 in this ordinance is approved.

10 a. The County hereby approves the Ground Lease and the Facilities Lease  
11 substantially in the form on file with the Clerk of the Board as of this date, and  
12 the Chairman of the Board is hereby authorized and directed to execute the  
13 Ground Lease and the Facilities Lease on behalf of the County, with only such  
14 modifications as may be approved by the Chairman that do not materially  
15 change the substantive terms of such Leases. The final schedule of monthly  
16 rent payments due under the Facilities Lease shall be determined and added as  
17 an exhibit to the Facilities Lease upon the issuance and sale of the Bonds.

18 b. The County hereby requests that RCP lease the Land pursuant to the Ground  
19 Lease and undertake the Project, and thereby relieve the County of the  
20 governmental burden thereof. The County hereby approves RCP solely for the  
21 purposes of approving the issuance by it of the Bonds to finance the Project  
22 under the Revenue Procedure and hereby approves the issuance of the Bonds.  
23 The Bonds shall not be an obligation of the County or any other agency or  
24 subdivision of the state of California. The County further agrees to accept title  
25 to the Project financed by the Bonds, including any additions to the Premises,  
26 when the Bonds are discharged. At such time, title to the Project financed by  
27 the Bonds will be transferred to the County at no additional cost.

1 c. To the extent necessary to meet the conditions of paragraph (d)(2) of United  
2 States Securities and Exchange Commission Rule 15c2-12, as applicable to a  
3 participating underwriter or remarketing agent for Bonds, the County is hereby  
4 authorized to enter into an undertaking in a form acceptable at the time to the  
5 participating underwriter or remarketing agent, as the case may be.

6 d. All appropriate officers of the County are authorized to take any actions and to  
7 execute documents as in their judgment may be necessary or desirable in order  
8 to carry out the terms of, and complete the transactions contemplated by, this  
9 action. All acts taken and all approvals and agreements previously made  
10 pursuant to the authority of this action but prior to the effective date hereof are  
11 hereby ratified and confirmed.

12 e. This ordinance shall be published before the expiration of fifteen (15) days  
13 after its passage and adoption pursuant to California Government Code Section  
14 25124.

15 Section 5. SEVERABILITY. If any provision, clause, sentence or paragraph of this  
16 ordinance or the application thereof to any person or circumstances shall be held invalid, such invalidity  
17 shall not affect the other provisions of this ordinance which can be given effect without the invalid  
18 provision or application, and to this end, the provisions of this ordinance are hereby declared to be  
19 severable.

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Section 6. EFFECTIVE DATE. This ordinance shall take effect thirty (30) days after its adoption.

BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

By: \_\_\_\_\_  
Chairman

ATTEST:

CLERK OF THE BOARD:

By: \_\_\_\_\_  
Deputy

(SEAL)