

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



ITEM
3.37
(ID # 7630)

MEETING DATE:

Tuesday, August 28, 2018

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA): Approval of Letter of Direction with CP Perris MH, LLC, a California limited liability company (Lessor), and Wells Fargo Trust Company, National Association f/k/a Wells Fargo Bank Northwest, National Association (Lender), Riverside University Health System - Behavioral Health, Perris, CEQA Exempt, District 5, [\$0];

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) That the Board of Supervisors approve the attached Letter of Direction with CP Perris MH, LLC, a California limited liability company (Lessor), and Wells Fargo Trust Company, National Association f/k/a Wells Fargo Bank Northwest, National Association (Lender), as trustee for the registered certificate holders, from time to time, of the CTL Pass-Through Trust, Series 2018 (Perris, Riverside County), and authorize the Chairman of the Board to execute same on behalf of the County.

ACTION: Policy

Robert Field, Assistant County Executive Officer/ECD

8/16/2018

Steve Steinberg

8/20/2018

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: August 28, 2018
xc: EDA

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$0	\$0	\$0	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 2017/18- 2047/48	

BACKGROUND

Summary:

The County of Riverside (County) and CP Perris MH, LLC (Lessor), a California limited liability company, entered into a lease agreement on August 23, 2016 (Lease), for the purpose of providing office space for the Riverside University Health System – Behavioral Health. The leased facility is located at 450 E. San Jacinto Avenue, Perris, California. To facilitate the refinancing of this property, Wells Fargo Trust Company, National Association f/k/a Wells Fargo Bank Northwest, National Association, as Trustee for the registered certificate holders, from time to time, of the CTL Pass-Through Trust, Series 2018 (Perris, Riverside County) (Lender) has requested the execution of a Letter of Direction by the County and Lessor.

By signing the Letter of Direction, the County acknowledges that the payment of rent and operating expenses by County to Lessor under the Lease has been assigned to Wells Fargo Trust Company, National Association f/k/a Wells Fargo Bank Northwest, National Association, as Trustee for the registered certificate holders, from time to time, of the CTL Pass-Through Trust, Series 2018 (Perris, Riverside County) (“Beneficiary”), pursuant to the Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing Statement dated as of May 3, 2018. The Letter of Direction does not amend or modify the terms and conditions under which the County is obligated under the Lease, and the payment of rent and operating expenses by County to the Beneficiary will satisfy County’s rent and operating expenses payment obligations set forth in the Lease.

Impact on Residents and Businesses

This Letter of Direction has no impact on residents and businesses.

Additional Fiscal Information

The attached Letter of Direction supports the Lease and the First Amendment to Lease and does not require modifications of the financial terms of the Lease.

Contract History and Price Reasonableness

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

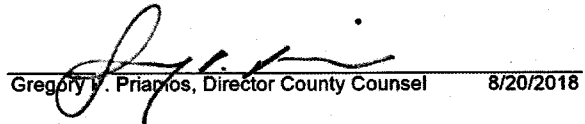
The Lease was Board approved on August 23, 2016 (Item 3-28) and amended by the First Amendment to Lease dated April 10, 2018 (Item 3.8), to facilitate refinancing of the property and assist Lessor in obtaining funding for the loan.

Attachment:

- Letter of Direction

RF:HM:VY:MH:ra 012MH 19.967 13884
MinuteTrak 7630


Rohini Dasika, Principal Management Analyst 8/20/2018


Gregory V. Priamos, Director County Counsel 8/20/2018

LETTER OF DIRECTION

July 10, 2018

County of Riverside
Economic Development Agency – Real Estate Division
3403 Tenth St., Suite 400
Riverside, California 92501
Attention: Deputy Director of Real Estate

Re: County of Riverside
450 E. San Jacinto Avenue
Perris, California

Ladies and Gentlemen:

Reference is hereby made to that certain Lease dated August 23, 2016 (as heretofore, hereafter otherwise amended, modified or supplemented, the “Lease”), between CP Perris MH LLC, a limited liability company organized under the laws of the State of California (“Landlord”), and County of Riverside, a political subdivision of the State of California (“Tenant”).

The payment of rent by Tenant to Landlord under the Lease have been assigned to the undersigned, Wells Fargo Trust Company, National Association f/k/a Wells Fargo Bank Northwest, National Association, as Trustee for the registered certificate holders, from time to time, of the CTL Pass-Through Trust, Series 2018 (Perris, Riverside County) (“Beneficiary”), pursuant to the Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing Statement dated as of May 3, 2018, and the undersigned does hereby direct that all rent payments and Operating Expenses (as that term is defined in the Lease) payable by Tenant under the Lease after the date hereof be paid directly to Beneficiary by wire transfer pursuant to the instructions set forth below:

Name of Bank: Wells Fargo Bank, N.A.
420 Montgomery Street
San Francisco, CA 94163
ABA No.: 121-000-248
Account Name: Corporate Trust Lease Group
Account No.: 051-0922115
Reference: 54990

This Letter of Direction does not amend or modify the terms and conditions under which the Tenant is obligated under the Lease. Landlord and Beneficiary acknowledge and agree that said rent payments and Operating Expenses paid by Tenant directly to Beneficiary shall satisfy Tenant’s rent and Operating Expenses payment obligations set forth in the Lease.

Landlord and Lender shall be entitled to terminate said redirection of rent payments upon a subsequent certified letter received by Tenant. Tenant shall have no liability whatsoever for any damages, liabilities, losses or any other consequences that Landlord or Lender may incur as a result

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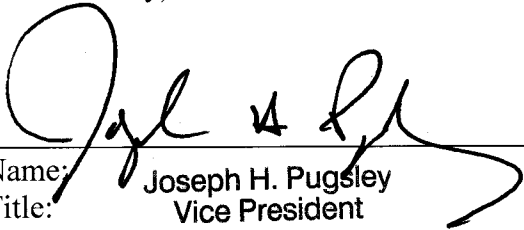
of any rent payment so directed. Further, all insurance policies maintained by Tenant shall name the Trustee as mortgagee additional insured as its interest shall appear.

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The direction contained herein with respect to the Lease of the property located at 450 E. San Jacinto Avenue, Perris, California may not be modified except pursuant to the written instructions of Beneficiary.

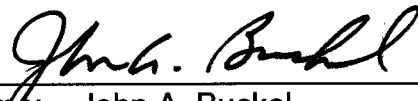
Very truly yours,

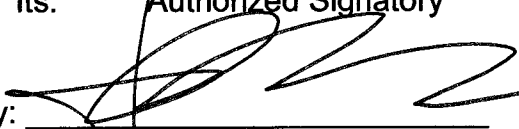
WELLS FARGO TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee for the registered
certificate holders, from time to time, of the CTL
Pass-Through Trust, Series 2018 (Perris,
Riverside County)

By: 
Name: Joseph H. Pugsley
Title: Vice President

The undersigned, as Landlord, hereby acknowledges and agrees to the matters contained in the foregoing Letter of Direction with respect to payment of rent under the Lease of the property located in Perris, California.

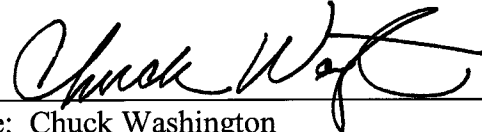
CP PERRIS MH LLC, A California limited liability company

By: 
Name: John A. Buckel
Its: Authorized Signatory

By: 
Name: Rodney B. Johnson
Its: Authorized Signatory

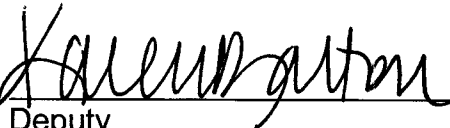
Receipt of the foregoing Letter of Direction with respect to payment of rent under the Lease of the property located in Perris, California is hereby acknowledged.

COUNTY OF RIVERSIDE, a political subdivision of the State of California

By: 
Name: Chuck Washington
Title: Chairman, Board of Supervisors


ATTEST:

Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:

Gregory P. Priamos, County Counsel

By: 
Thomas Oh
Deputy County Counsel



Original Negative Declaration/Notice of Determination was routed to County Clerks for posting on.

8/28/18
Date

KB
Initial

NOTICE OF EXEMPTION

July 19, 2018

Project Name: County of Riverside, Economic Development Agency (EDA) Letter of Direction Lease with CP Perris MH, LLC, and Wells Fargo Bank Northwest, National Association, Riverside University Health System - Behavioral Health, Perris, County of Riverside

Project Number: FM0414100012

Project Location: 450 East San Jacinto Avenue, west of Redlands Avenue, Perris, California 92571; Assessor's Parcel Numbers (APNs) 311-210-005, 311-210-012, and 311-210-026; (See Attached Exhibit)

Description of Project: The County of Riverside (County) has a Lease Agreement with CP Perris MH, LLC, a California limited liability company, (Lessor) which was entered into on August 23, 2016 for the purpose of providing office space for the Riverside University Health System – Behavioral Health Department. The leased facility is located at 450 East San Jacinto Avenue, Perris, California. To facilitate the refinancing of this property, Wells Fargo Trust Company, National Association f/k/a Wells Fargo Bank Northwest, National Association, as Trustee of the CTL Pass-Through Trust, Series 2018 (Perris, Riverside County) (Lender) has requested the execution of a Letter of Direction by the County and Lessor.

As part of the Letter of Direction, the payment of rent and operating expenses by County to Lessor under the Lease has been assigned to Wells Fargo Trust Company, National Association pursuant to the Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing Statement dated as of May 3, 2018. This Letter of Direction does not amend or modify the terms and conditions under which the County as Tenant is obligated under the Lease. Landlord and Beneficiary acknowledge and agree that said rent payments and Operating Expenses paid by County directly to Beneficiary shall satisfy County's rent and Operating Expenses payment obligations set forth in the Lease.

The Letter of Direction for the Lease is identified as the proposed Project under the California Environmental Quality Act (CEQA). The proposed Project would involve the existing Lease Agreement and would be limited to contractual assignments and responsibilities regarding payment for the Lease. No physical changes would occur as a result of the Letter of Direction. No additional direct or indirect physical environmental impacts are anticipated.

Name of Public Agency Approving Project: County of Riverside, Economic Development Agency

Name of Person or Agency Carrying Out Project: County of Riverside, Economic Development Agency, CP Perris, MH LLC, a California limited liability company, and Wells Fargo Trust Company, National Association f/k/a Wells Fargo Bank Northwest, National Association

Exempt Status: State CEQA Guidelines, Section 15061(b) (3), General Rule or "Common Sense" Exemption, Codified under Title 14, Article 5, Section 15061.

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P.O. Box 1180 • Riverside, California • 92502 • T: 951.955.8916 • F: 951.955.6686 org

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Maintenance
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Economic Development
Edward-Dean Museum
Environmental Planning
Fair & National Date Festival
Foreign Trade
Graffiti Abatement

Parking
Project Management
Purchasing Group
Real Property
Redevelopment Agency
Workforce Development

Reasons Why Project is Exempt: The proposed Project is categorically exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The Project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The Project will not cause an impact to an environmental resource of hazardous or critical concern nor does the Project have unusual circumstances that could possibly have a significant effect on the environment. The Project would not result in impacts to scenic highways, hazardous waste sites, historic resources, or other sensitive natural environments, or have a cumulative effect to the environment. No significant environmental impacts are anticipated to occur with the Letter of Direction to the Lease Agreement.

- **Section 15061 (b) (3) – “Common Sense” Exemption:** In accordance with CEQA, the use of the Common Sense Exemption is based on the “general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.” State CEQA Guidelines, Section 15061(b) (3). The use of this exemption is appropriate if “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” *Ibid.* This determination is an issue of fact and if sufficient evidence exists in the record that the activity cannot have a significant effect on the environment, then the exemption applies and no further evaluation under CEQA is required. See *No Oil, Inc. v. City of Los Angeles* (1974) 13 Cal. 3d 68. The ruling in this case stated that if a project falls within a category exempt by administrative regulation or 'it can be seen with certainty that the activity in question will not have a significant effect on the environment', no further agency evaluation is required. With certainty, there is no possibility that the Project may have a significant effect on the environment. The effects of the proposed Letter of Direction to the Lease Agreement are limited to a contractual transaction that defines and reassigns financial responsibilities. The indirect effects of the Lease Agreement were identified in a previous Notice of Exemption, filed August 29, 2016, which determined the potential indirect effects from this Lease Agreement would be analyzed separately as part of the Lessor's contractual obligation to complete an appropriate level of environmental review under CEQA to the satisfaction of the County, acting as a Responsible Agency with final permitting approval. The proposed Letter of Direction would not change the obligations of the Lessor, and in no way, would the Project as proposed, have the potential to cause a significant environmental impact and the Project is exempt from further CEQA analysis.

Based upon the identified exemptions above, the County of Riverside, Economic Development Agency hereby concludes that no physical environmental impacts are anticipated to occur and the Project as proposed is exempt under CEQA. No further environmental analysis is warranted.

Signed:  Date: 7/19/18

Mike Sullivan, Senior Environmental Planner
County of Riverside, Economic Development Agency

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

Project Name: Riverside County Letter of Direction for Lease, Riverside University Health System - Behavioral Health, Perris, Riverside County, California

Accounting String: 524830-47220-7200400000 - FM0414100012

DATE: July 19, 2018

AGENCY: Riverside County Economic Development Agency

THIS AUTHORIZES THE COUNTY CLERK & RECORDER TO BILL FOR FILING AND HANDLING FEES FOR THE ACCOMPANYING DOCUMENT(S).

NUMBER OF DOCUMENTS INCLUDED: One (1)

AUTHORIZED BY: Mike Sullivan, Senior Environmental Planner, Economic Development Agency

Signature: 

PRESENTED BY: Maribel Hyer, Real Property Agent III, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -



Date: July 19, 2018

To: Mary Ann Meyer, Office of the County Clerk

From: Mike Sullivan, Senior Environmental Planner, Project Management Office

Subject: **County of Riverside Economic Development Agency Project # FM0414100012**
Riverside County Letter of Direction for Lease, Riverside University Health System - Behavioral Health, Perris, Riverside County, California

The Riverside County's Economic Development Agency's Project Management Office is requesting that you post the attached Notice of Exemption. Attached you will find an authorization to bill by journal voucher for your posting fee.

After posting, please return the document to:

Mail Stop #1330

Attention: Mike Sullivan, Senior Environmental Planner,

Economic Development Agency,

3403 10th Street, Suite 400, Riverside, CA 92501

If you have any questions, please contact Mike Sullivan at 955-8009.

Attachment

cc: file