

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



ITEM: 3.3
(ID # 26846)

MEETING DATE:
Tuesday, January 14, 2025

FROM : EXECUTIVE OFFICE

SUBJECT: EXECUTIVE OFFICE: Approval of the increased amount of \$100 million to the Master Lease Purchase Agreement line of credit for Financing Purchases of Fixed Assets with JPMorgan Chase Bank, N.A. [Districts All]; [\$100,000,000 total]; 100% Department Budgets

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the increased amount of \$100 million to the Master Lease Purchase Agreement line of credit with JPMorgan Chase Bank, N.A., and authorize the Chairman of the Board to execute necessary documents on behalf of the County;
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, and, as approved as to form by County Counsel, to sign necessary amendments that do not change the intent of the agreement; and,
3. Authorize the Purchasing Agent to issue Purchase Orders for invoices received for goods/services rendered that do not exceed the Board of Supervisor's approved amount.

ACTION:Policy


Don Kent, Chief Finance Officer 12/23/2024

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Medina, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: January 14, 2025
xc: EO

Kimberly A. Rector
Clerk of the Board

By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$22,000,000 (estimated)	\$78,000,000 (estimated)	\$100,000,000 (estimated)	\$
NET COUNTY COST	\$	\$	\$	\$
SOURCE OF FUNDS: 100% Department Budgets			Budget Adjustment: No	
			For Fiscal Year: 2024-25, and 2025-26 (estimated)	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

In order to meet the operational demands of the County, departments may have the need to procure assets through a financing mechanism when funds for outright purchases are not available. These assets may include, but are not limited to: vehicles, aircraft, heavy equipment, information technology equipment such as computer hardware, software and related peripherals, software subscriptions, licenses or services, communications equipment, monitors/defibrillators, hospital equipment, reimbursable tenant improvements (furniture/facility remodel projects including workstations, office furniture, conference/training rooms or lobby/reception area furniture), and, miscellaneous items (park maintenance equipment, aerial lifts, material handling equipment, building backup generators, etc.).

Master Lease Purchase Agreements (lines of credit, or LOCs) have allowed departments to draw upon when necessary to purchase new equipment or replacements when the useful life has expired. Note: all financed purchases must have prior Board of Supervisors approval, either through the annual budget process, or a separate Form 11 submittal in order to utilize the LOC managed by the Executive Office.

CURRENT LINE OF CREDIT USAGE AND CAPACITY

The current \$75 million LOC with JPMorgan has been utilized by: Fire for vehicles and defibrillators; Transportation for heavy-duty vehicles; Sheriff for a specialized truck, radios and various vehicles (including patrol); Fleet for vehicles; DPSS for copiers, printers and office equipment; and Information Technology for networks and network products.

It includes a taxable portion, only to provide flexibility if needed in the event certain circumstances warrant usage that would otherwise not qualify as tax-exempt.

Tax-exempt financings have, and will continue to be, the dominant option to obtain the most favorable interest rates for the County. As of December 31st, including the aforementioned purchases and deliveries, there was approximately \$10 million remaining on the LOC to accommodate future requests.

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The County's remaining LOC balance is projected to be exhausted within the next several months due to approximately \$76 million of Board approved financed requests in the FY 2024-25 Adopted Budget. In addition, global supply chain issues have eased from the prior COVID-19 era and deliveries of assets have normalized as a result. Having ample LOC capacity on an as-needed basis allows for the fluid and timely delivery of assets from vendors to the County and maintains cash reserves for emergency and unforeseen expenses throughout the year. As of December 31, the County's reserves were earning approximately 4.05% in the Treasurer's Pooled Investment Fund.

The table below lists the current remaining asset requests from the FY 2024-25 Adopted Budget. If all assets were to be delivered within this fiscal year, there would not be enough LOC capacity to fund the purchases.

FY 2024-25 Adopted Budget

Department	Asset	Amount
Fire	Fire equipment & vehicles	\$18,289,395
Sheriff & PSEC	Vehicles	3,222,498
Fleet	Vehicles	5,497,062
Transportation	Heavy-duty vehicles	5,227,446
Total		\$32,236,401

INCREASED LINE OF CREDIT AND UPDATED RATE CALCULATIONS

JPMorgan Chase Bank, N.A. can accommodate an increase in the LOC of \$100 million which would serve the County's needs for the future; no fees are associated with the additional amount. County departments utilizing the LOC will, however, incur interest charges at the then prevailing rate when an asset purchase is requested to be financed.

Since October 2023 when the Board approved the current Agreement, inflationary pressures have abated from its peak due to prior actions by the U.S. Federal Reserve (FED) *increasing* short-term interest rates during the period of March 2022 to July 2023. Although the FED has since begun to *reduce* short-term interest rates because of declining inflation, longer-term interest rates have not necessarily followed the same pattern across the U.S. Treasury yield curve, which affects the pricing of financing instruments such as LOCs. Likewise, JPMorgan has increased the Fixed Index Spread ⁽¹⁾ component in some areas and decreased it others. See tables below.

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Rate Calculation

Lease Term (Years) ⁽²⁾	SWAP Rate ⁽³⁾	x % of Index	+ Fixed Index Spread	= Indicative Tax-Exempt Rate ⁽⁴⁾
2	4.213%	79%	0.5546%	3.883%
3	4.089%	79%	0.6894%	3.920%
4	4.089%	79%	0.6044%	3.835%
5	4.048%	79%	0.7190%	3.917%
6	4.048%	79%	0.7140%	3.912%
7	4.030%	79%	0.7485%	3.932%
8	4.030%	79%	0.7275%	3.911%
9	4.027%	79%	0.7653%	3.947%
10	4.027%	79%	0.7663%	3.948%

Lease Term (Years) ⁽²⁾	SWAP Rate ⁽³⁾	+ Fixed Index Spread	= Indicative Taxable Rate ⁽⁴⁾
2	4.213%	0.7440%	4.957%
3	4.089%	0.9140%	5.003%
4	4.089%	0.8060%	4.895%
5	4.048%	0.9510%	4.999%
6	4.048%	0.9450%	4.993%
7	4.030%	0.9880%	5.018%
8	4.030%	0.9620%	4.992%
9	4.027%	1.0100%	5.037%
10	4.027%	1.0110%	5.038%

- (1) For tax-exempt rates, the increase ranges from 0.02% to 0.10% for lease terms of two to seven years, and the decrease ranges from 0.03% to 0.08% for lease terms of eight to ten years. For taxable rates, the increase ranges from 0.03% to 0.13% for lease terms of two to seven years, and the decrease ranges from 0.03% to 0.10% for lease terms of eight to ten years.
- (2) The finance period is based on a variety of factors including available budget and useful life of the equipment with the lease payments paid directly by the departments.
- (3) Swap rates were as of 8:00 a.m. E.S.T. 12/31/24. Based on the SOFR (Secured Overnight Financing Rate - a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities). Rates subject to change based on financial market conditions.
- (4) Fixed for the life of the term.

ORIGINAL CONTRACT HISTORY

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A request for proposal was conducted in August 2022 with Purchasing issuing RFP #RivCo-RFP-0000511 to establish a new \$50 million LOC. Requests were sent to 166 lending institution contacts and was advertised on Purchasing's website. Bids were received from four financial institutions including, JPMorgan Chase Bank, N.A., Banc of America Public Capital Corp, MUFG Union Bank (which has since been acquired by U.S. Bancorp in December 2022), and Signature Bank (which has since shutdown in March 2023, in the aftermath of the Silicon Valley Bank collapse due to rapidly rising interest rates).

The evaluation team consisting of the Executive Office and the Treasurer-Tax Collector's Office reviewed the responses and recommended the award to JPMorgan which provided the lowest tax-exempt and taxable financing rates for the County. An agreement was approved as Item #3.3 by the Board of Supervisors on October 25, 2022, for \$50 million, and an amended Agreement as Item 3.4 on October 17, 2023, to increase the line of credit by an additional \$75 million.

DEBT ADVISORY COMMITTEE (DAC) RECOMMENDATION

On January 9, 2025, the Debt Advisory Committee reviewed and has recommended approval to the Board of Supervisors.

SUMMARY

In an effort to purchase remaining assets for FY 2024-25 (as shown in the table on page 3), accommodate future assets to be approved for FY 2025-26, and ensure LOC capacity on an as-needed basis, the Executive Office Finance Team is recommending approval of the increased amount of \$100 million to the Master Lease Purchase Agreement with JPMorgan Chase Bank, N.A.

IMPACT ON RESIDENTS AND BUSINESSES

There are no direct impacts to residents or businesses. The addition to the Master Lease Purchase Agreement will provide additional capacity available for County departments to procure assets when funds for outright purchases may not be available.


Melissa Curtis, Deputy Director of Purchasing and Fleet 12/30/2024


Aaron Gettis, Chief of Deputy County Counsel 12/31/2024

Online

Riverside County Board of Supervisors Request to Speak

Submit request to Clerk of Board (right of podium), Speakers are entitled to three (3) minutes, subject to Board Rules listed on the reverse side of this form. The Board may limit the public input on any item, based on the number of people requesting to speak and the business of the Board.

SPEAKER'S NAME: Debbie Walsh

Address: _____
(Only if follow-up mail response requested)

City: _____ Zip: _____

Phone #: _____

Date: _____ Agenda # 3.3

PLEASE STATE YOUR POSITION BELOW:

Position on "Regular" (non-appealed) Agenda Item:

_____ Support _____ Oppose _____ Neutral

Note: If you are here for an agenda item that is filed for "Appeal", please state separately your position on the appeal below:

_____ Support _____ Oppose _____ Neutral

I give my 3 minutes to: _____

Parking validations available for speakers only – see Clerk of the Board.

(Revised: 06/13/2024)

BOARD RULES

Requests to Address Board on "Agenda" Items:

You may request to be heard on a published agenda item. Requests to be heard must be submitted to the Clerk of the Board before the scheduled meeting time.

Requests to Address Board on items that are "NOT" on the Agenda:

Notwithstanding any other provisions of these rules, member of the public shall have the right to address the Board during the mid-morning "Oral Communications" segment of the published agenda. Said purpose for address must pertain to issues which are under the direct jurisdiction of the Board of Supervisors. YOUR TIME WILL BE LIMITED TO THREE (3) MINUTES. The Board may limit the public input on any item, based on the number of people requesting to speak and the business of the Board.

Power Point Presentations/Printed Material:

Speakers who intend to conduct a formalized Power Point presentation or provide printed material must notify the Clerk of the Board's Office by 12 noon on the Monday preceding the Tuesday Board meeting, ensuring that the Clerk's Office has sufficient copies of all printed materials and at least one (1) copy of the Power Point CD. Copies of printed material given to the Clerk (by Monday noon deadline) will be provided to each Supervisor. If you have the need to use the overhead "Elmo" projector at the Board meeting, please ensure your material is clear and with proper contrast, notifying the Clerk well ahead of the meeting, of your intent to use the Elmo. Speakers are prohibited from bringing signs, placards, or posters into the hearing room.

Individual Speaker Limits:

Individual speakers are limited to a maximum of three (3) minutes. The Board may limit the public input on any item, based on the number of people requesting to speak and the business of the Board. Please step up to the podium when the Chair calls your name and begin speaking immediately. Pull the microphone to your mouth so that the Board, audience, and audio recording system hear you clearly. Once you start speaking, the "green" podium light will light. The "yellow" light will come on when you have one (1) minute remaining. When you have 30 seconds remaining, the "yellow" light will begin flash, indicating you must quickly wrap up your comments. Your time is up when the "red" light flashes. The Chair adheres to a strict three (3) minutes per speaker. ***Note: If you intend to give your time to a "Group/Organized Presentation", please state so clearly at the very bottom of the reverse side of this form.***

Group/Organized Presentations:

Group/organized presentations with more than one (1) speaker will be limited to nine (9) minutes at the Chair's discretion. The organizer of the presentation will automatically receive the first three (3) minutes, with the remaining six (6) minutes relinquished by other speakers, as requested by them on a completed "Request to Speak" form, and clearly indicated at the front bottom of the form.

Addressing the Board & Acknowledgement by Chair:

The Chair will determine what order the speakers will address the Board and will call on all speakers in pairs. The first speaker should immediately step to the podium and begin addressing the Board. The second speaker should take up a position in one of the chamber aisles to quickly step up to the podium after the preceding speaker. This is to afford an efficient and timely Board meeting, giving all attendees the opportunity to make their case. Speakers are prohibited from making personal attacks, and/or using coarse, crude, profane or vulgar language while speaking to the Board members, staff, the public and/or meeting participants. Such behavior, at the discretion of the Board Chair may result in removal from the Board Chambers by Sheriff Deputies.

Lopez, Daniel

From: Aquia Mail
Sent: Monday, January 13, 2025 7:53 PM
To: abilene149@gmail.com
Cc: Clerk of the Board
Subject: Request to Speak Web Submission



Thank you for submitting your request to speak. The Clerk of the Board office has received your request and will be prepared to allow you to speak when your item is called. To attend the meeting, please call (669) 900-6833 and use **Meeting ID # 864 4411 6015 . Password is 20250114**. You will be muted until your item is pulled and your name is called. Please dial in at 9:00 am with the phone number you provided in the form so you can be identified during the meeting.

Submitted on January 13, 2025

Submitted values are:

First Name

Debbie

Last Name

Walsh

Address (Street, City and Zip)

Mead Valley

Phone

9513176868

Email

abilene149@gmail.com

Agenda Date

01/14/2025

Agenda Item # or Public Comment

3.3

State your position below