

**MEMORANDUM
DEPARTMENT OF FACILITY SERVICES
COUNTY OF PLACER**

To: **BOARD OF SUPERVISORS**

Date: **JULY 8, 2008**

From: *JD* **JAMES DURFEE / MARY DIETRICH** *MD*

Subject: **JB MANAGEMENT, L.P. – SOUTH PLACER COURTHOUSE ACQUISITION**

ACTION REQUESTED / RECOMMENDATION: It is recommended that your Board take the following actions associated with the acquisition of the 4.6± acre parcel containing the courthouse building located in the Placer County Bill Santucci Justice Center (BSJC), in the City of Roseville:

1. Approve the Agreement of Purchase and Sale between the County and JB Management, L.P., (JBM) for the acquisition of the 4.6± acre parcel referred to as APN 017-123-074 including the 110,700± square foot courthouse building (Courthouse), associated site and complex improvements, and closure/post closure obligations and authorize the Chairman to sign said Agreement.
2. Approve the attached Resolution authorizing the Director of Facility Services, or his designee, to execute all escrow documents and take such other actions as may be necessary or appropriate to implement the above-described action, to disburse funds associated with this transaction, and record the Grant Deed for said property.
3. Approve the attached Budget Revision to complete the funding for the purchase of this property.
4. Approve the addition of the property to the Master Fixed Asset List.

BACKGROUND: On March 23, 2004, your Board approved an agreement with JBM to Lease Purchase 4.6 acres of land improved with a Courthouse located adjacent to the BSJC. This Lease Purchase Agreement set forth the terms under which JBM would construct the Courthouse, subject to a 20-year lease term. At the conclusion of the 20-year term, the Agreement provided an option to the County to acquire the improved property for the nominal consideration of one dollar. To derive the rents to be paid throughout the term, the Agreement specifically detailed a methodology that obligated the County to reimburse JBM for all costs, including but not limited to, the cost of land, entitlements, fees, construction, interior improvements, financing costs, plus prescribed project management and general contractor fees. For maximum flexibility, the Agreement provided the County with the ability to "buy down" the construction costs or to exercise an option to acquire the property outright upon completion utilizing the cost methodology described above.

In anticipation of project completion, the County's Finance Committee compared the cost associated with the developer financing to public finance mechanisms. The Committee determined that the mechanisms available to the County to finance the Courthouse project provided significant savings over financing available in the commercial marketplace. Recognizing this advantage, in October 2007, your Board authorized the Treasurer-Tax Collector to proceed with issuance of Certificates of Participation (COP) for this acquisition.

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By the end of 2007, \$34 million was secured through the COP issuance, and this funding, combined with other sources set aside in previous budget cycles for capital construction including Master Settlement Agreement Securitization Funds, Courthouse Construction Trust Funds, General Fund dollars and miscellaneous project reimbursements completed the funding package for this acquisition. Additionally, Capital Facility Impact Fees were designated as appropriate to pay for costs associated with the infrastructure improvements that benefit the remainder of the BSJS. Pursuant to the Transfer Agreement with the State, the County is also responsible for maintenance of exterior common area amenities including the landscaping and parking lot. In an upcoming action, Facility Services will be seeking approval of contracts for these required services. Funding for these costs has been anticipated in the County's adopted Proposed Budget.

To complete this transaction, Facility Services has negotiated an Agreement of Purchase and Sale (Purchase Agreement) between the County and JBM for the acquisition of the Courthouse property and improvements. This Agreement is available for review at the Clerk of the Board's Office. In light of several events occurring between early June and mid July (e.g., issuance of the Certificate of Occupancy, public opening of Courthouse, and the expiration of the owner's construction financing), it has been determined that the acquisition should be finalized by July 18, 2008. This action, in concert with the Transfer of Responsibility to the State of California, Administrative Office of the Courts, culminates the County's commitment to deliver new court facilities in South Placer County. To complete this transaction, it is necessary that your Board approve the recommendations listed on the first page of this Memorandum. This acquisition has been publicly noticed in accordance with Government Code section 6063.

ENVIRONMENTAL CLEARANCE: On February 24, 2004, your Board adopted a mitigated negative declaration analyzing the impacts of the development of the BSJC. This project was included in that analysis. No further action is necessary at this time.

FISCAL IMPACT: The total estimated project cost including all Courthouse improvements and land, BSJC infrastructure and other obligations should not exceed \$63,710,000. Funding requirements for this project were identified in the 2007 Capital Facility Financing Plan and funding was set aside over a number of fiscal cycles. Funding for this acquisition will utilize a variety of sources including COPs (\$34,000,000), Courthouse Construction Trust Funds (\$2,070,494), Securitization Funds (\$13,567,698), local Court reimbursements (\$845,520), General Funds (\$3,333,843), and miscellaneous project reimbursements (\$855,616). Capital Facility Impact Fees will provide the funding necessary for the BSJS infrastructure improvements (\$9,036,829). Repayment of the COPs will occur over a period of twenty years at an annual cost of approximately \$2.6 million dollars. Approval of the attached Budget Revision is necessary to appropriate the dollars previously set aside and fully fund the acquisition. Staff will report back to the Board on the final costs associated with the project upon completion of the transaction.

JD:MD:MR:LM

ATTACHMENTS: RESOLUTION
BUDGET REVISION

AVAILABLE FOR REVIEW AT THE CLERK OF THE BOARD'S OFFICE: AGREEMENT OF PURCHASE AND SALE

cc: COUNTY EXECUTIVE OFFICE
AUDITOR - CONTROLLER

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Before the Board of Supervisors County of Placer, State of California

In the matter of: A Resolution authorizing the Director of Facility Services to take various actions regarding acquisition of real property associated with Assessor's Parcel No. 017-123-074, in the City of Roseville.

Resol. No: _____

RESOLUTION was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held _____, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chairman, Board of Supervisors

Attest: Clerk of said Board

WHEREAS, JB Management, L.P. is the owner of APN 017-123-074 located within the City of Roseville; and

WHEREAS, APN 017-123-074 is developed with a courthouse building approximately 110,700± square feet in size (Courthouse) on a 4.6 acre parcel described as Parcel C and as depicted on the Property Map on Exhibit A ("Property"); and

WHEREAS, on April 20, 2004, County of Placer (County) and JB Management, L.P. entered into a Lease Purchase Agreement that provided for either a 20-year lease term with the option to acquire the Property at the end of the term for the nominal consideration of one dollar; or, upon completion of all improvements, to outright purchase the land and improvements; and

WHEREAS, the County has determined that fee ownership of the Property is most advantageous to the County given the County's ability to realize savings through public financing mechanisms; and,

WHEREAS, JB Management, L.P. desires to sell the Property to the County for a purchase price not to exceed \$63,710,000; and

WHEREAS, the COUNTY is willing to purchase the Property subject to the terms of the Agreement of Purchase and Sale.

NOW THEREFORE, BE IT RESOLVED, that the Placer County Board of Supervisors does hereby authorize the Director of Facility Services, or his designee, to execute on behalf of the County, all escrow documentation and take such other actions necessary or appropriate to acquire the Property and meet closure/post closure obligations, and does hereby authorize the disbursement of County funds necessary to complete the transaction; and does hereby consent to the acceptance and recordation of the Grant Deed for said Property.

Attachment A: Property Map

PAS DOCUMENT NO. _____

BUDGET REVISION

POST DATE:

DEPT NO.	DOC TYPE	Total \$ Amount	TOTAL LINES
12	BR	91,251,580.00	22

Cash Transfer Required
 Reserve Cancellation Required
 Establish Reserve Required

Auditor-Controller
 County Executive
 Board of Supervisors

ESTIMATED REVENUE ADJUSTMENT										APPROPRIATION ADJUSTMENT											
DEPT NO.	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ 3	PROJ.	PROJ. DTL	AMOUNT	DEPT NO.	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ 3	PROJ.	PROJ. DTL	AMOUNT
12			140		991078	04783	8990			18,375,396.00	12	014		140		991078	04783	4151			18,375,396.00
12			140		991078	04783	7479			690,520.00	12	034		140		991078	04783	4151	704783	010000	18,375,396.00
12			140		991078	04783	7479			125,000.00	12	014		140		991078	04783	4151			500,000.00
12			140		991078	04783	7479			30,000.00	12	034		140		991078	04783	4151	704783	010000	500,000.00
											12	014		140		991078	04783	4151			690,520.00
											12	034		140		991078	04783	4151	704783	010000	690,520.00
											12	014		140		991078	04783	4151			125,000.00
											12	034		140		991078	04783	4151	704783	010000	125,000.00
											12	014		140		991078	04783	4151			30,000.00
											12	034		140		991078	04783	4151	704783	010000	30,000.00
											12	014		141		991078	04783	4151			13,567,698.00
											12	034		141		991078	04783	4151	704783	010000	13,567,698.00
TOTAL										19,220,916.00	TOTAL										66,577,228.00

REASON FOR REVISION: To appropriate \$18,375,396 in COP (\$16,450,933 already in 08/09 budget), \$500,000 in Courthouse Const Funds, \$690,520 in Local Court Change Orders, \$125,000 + \$30,000 from Court MOU, \$13,567,698 in Securitization Fund, \$29,287 from SBC/AT&T, and \$1,788,525 in Impact Fees for the purchase of the South Placer Courthouse.

Prepared by Valerie Bayne Ext 6803
 Department Head Valerie Bayne
 Board of Supervisors _____

Date: 7/8/08
 Page: _____

Budget Revision # _____ FOR INDIVIDUAL DEPT USE

PAS DOCUMENT NO.

BUDGET REVISION

POST DATE:

DEPT NO.	DOC TYPE	Total \$ Amount	TOTAL LINES
12	BR	5,453,436.00	6

Cash Transfer Required
 Reserve Cancellation Required
 Establish Reserve Required

Auditor-Controller
 County Executive
 Board of Supervisors

ESTIMATED REVENUE ADJUSTMENT										APPROPRIATION ADJUSTMENT											
DEPT NO.	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ 3	PROJ.	PROJ. DET.	AMOUNT	DEPT NO.	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ 3	PROJ.	PROJ. DET.	AMOUNT
12	006		140		991078	04783	8764			29,287.00	12	014		140		991078	04783	4151			29,287.00
12	006		140		991078	04781	8990			1,788,525.00	12	034		140		991078	04783	4151	704783	010000	29,287.00
											12	014		140		991078	04781	4151			1,788,525.00
											12	034		140		991078	04781	4151	704781	010000	1,788,525.00
TOTAL										1,817,812.00	TOTAL										3,635,624.00

REASON FOR REVISION: _____

Prepared by Valerie Bayne Ext 6803

Department Head Valerie Bayne

Date: 7/8/08

Board of Supervisors _____

Page: _____

Budget Revision # _____ FOR INDIVIDUAL DEPT. USE

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