



Monterey County

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1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Resolution Nos.: 14-248 and 14-249; Agreement No. A-12793

Upon motion of Supervisor Potter, seconded by Supervisor Parker and carried by those members present, the Board of Supervisors hereby:

- a. Received Schilling Facility Acquisition Due Diligence Report;
- b. Adopted Resolution No. 14-248 approving the Purchase and Sale Agreement (A-12793), and Lease Termination and Release for acquiring 1441, 1488, and 1494 Schilling Place, and authorizing their execution, subject to conditions;
- c. Adopted Resolution No. 14-249 approving an Internal Loan Agreement in the amount of \$13,000,000 between the Worker's Compensation Internal Service Fund (ISF) and the Resource Management Agency Facilities Master Plan Implementation Projects, Fund 404, to provide funding for the Purchase and Sale Agreement for acquiring 1441, 1488, and 1494 Schilling Place; and
- d. Authorized the Auditor-Controller to implement the Board approved financing option, including any Loan Agreements, and transfer approved funds to an Escrow account for the purchase of 1441, 1488, and 1494 Schilling Place.

PASSED AND ADOPTED on this 26th day of August 2014, by the following vote, to wit:

AYES: Supervisors Calcagno, Parker and Potter
 NOES: Supervisors Armenta and Salinas
 ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 77 for the meeting on August 26, 2014.

Dated: August 27, 2014
File Number: RES 14-080

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By Denise Hancock
Deputy

**Before the Board of Supervisors in and for the
County of Monterey, State of California**

Resolution No. 14-249

Authorizing the execution of a loan agreement)
between the Monterey County Information)
Technology Department and the Monterey)
County Workers' Compensation Internal)
Service Fund.....)

WHEREAS, the Resource Management Agency ("RMA") has identified the acquisition of property located at 1441, 1488 and 1494 Schilling Place (the "Property"); and

WHEREAS, negotiated the purchase price of the Property to be \$36 million; and

WHEREAS, funding in the amount of approximately \$13 million will be needed for the County's contribution during Fiscal Year 2014-15; and

WHEREAS, Capital One, N.A., will fund the balance of the purchase price of \$23 million; and

WHEREAS, the Monterey County Workers' Compensation Internal Service Fund ("ISF"), managed by the Risk Management Division of the County Counsel's Office, currently has a cash balance of approximately \$60 million; and

WHEREAS, the State Controller's "Handbook of Cost Plan Procedures for California Counties" permits an ISF to loan available funds to other county departments under specific conditions; and

WHEREAS, such a loan will be the most cost-effective vehicle to fully fund the County's contribution to purchase the Property; and

WHEREAS, the loan will meet all the State Controller's requirements; and

WHEREAS, the loan will not adversely impact the ISF's current cash requirements;
NOW, THEREFORE,

BE IT RESOLVED, by the Board of Supervisors of the County of Monterey as follows:

1. The above recitals are true and correct.
2. The County's RMA's Director and Risk Manager are hereby authorized and directed to execute for and on behalf of the Resource Management Agency and the Worker's Compensation Internal Service Fund, respectively, a Loan Agreement, the form of which is attached hereto as Exhibit A.

PASSED AND ADOPTED upon motion of Supervisor Potter, seconded by Supervisor Parker and carried this 26th day of August 2014, by the following vote, to wit:

AYES: Supervisors Calcagno, Parker and Potter
NOES: Supervisors Armenta and Salinas
ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 77 for the meeting on August 26, 2014.

Dated: August 28, 2014
File Number: RES 14-080

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By Denise Hancock
Deputy

INTER-DEPARTMENTAL LOAN AGREEMENT
Between
MONTEREY COUNTY RESOURCE MANAGEMENT AGENCY
And

WHEREAS, the Resource Management Agency ("RMA") has identified the acquisition of property located at 1441, 1488 and 1494 Schilling Place (the "Property"); and

WHEREAS, the negotiated purchase price of the Property is \$36 million; and

WHEREAS, funding in the amount of approximately \$13 million will be needed for the County's contribution during Fiscal Year 2014-15; and

WHEREAS, Capital One, N.A., will fund the balance remaining of the purchase price of \$23 million; and

WHEREAS, the _____ Fund ("__F"), managed by _____, currently has a balance of approximately \$_____ million; and

WHEREAS, the State Controller's "Handbook of Cost Plan Procedures for California Counties" permits an __F to loan available funds to other county departments under specific conditions; and

WHEREAS, such a loan will be the most cost-effective vehicle to fully fund the County's contribution to purchase the Property; and

WHEREAS, the loan will meet all the State Controller's requirements; NOW THEREFORE,

RMA and the __F agree as follows:

1. The __F loans to RMA the sum of \$13 million for the sole purpose of purchasing the Property in Fiscal Year 2014-15 (the "Loan").
2. The Loan will be recorded as an account receivable in the __F's financial records, and will be included in the measurement of the __F's assets for any actuarial purpose.
3. The Loan will be repaid to the __F no later than 36 months following the effective date of this agreement.
4. The loan will bear simple interest at the net County Treasury Pool earnings rate, calculated quarterly, which rate is the same rate as the __F would have earned had the Loan not been given.

- 5. The __F may demand accelerated repayment of all or any part of the Loan if its cash requirements so dictate, as determined by _____ in consultation with the CAO Budget Office.
- 6. The effective date of this agreement is the date last executed by either signatory, which date is August __, 2014.

Resource Management Agency

_____ Fund

Benny J. Young
Director

Dated: August __, 2014

Dated: August __, 2014

APPROVED AS TO FORM AND LEGALITY

CHARLES J. MCKEE, County Counsel

By _____
Leslie J. Girard
Chief Assistant County Counsel

APPROVED AS TO FISCAL PROVISIONS

MICHAEL J. MILLER, Auditor-Controller

By _____
Ron Holly
Chief Deputy Auditor-Controller

Before the Board of Supervisors in and for the County of Monterey, State of California

Resolution No.14-248

- a. Finding that the purchase of the 294,065 s.f. office buildings located at 1441, 1488 and 1494 Schilling Place in Salinas CA (APN 177-181-014, 015, 016, 017, 018, 020, 024 and 177-134-003) is not subject to CEQA at this time pursuant to Section 15004(b)(2)(A) of CEQA Guidelines;
b. Approving a Purchase and Sale Agreement and Joint Escrow Instructions with Schilling Place Property, LLC, and Schilling Property QC, LLC, to purchase the 294,065 s.f. office buildings located at 1441, 1488 and 1494 Schilling Place in Salinas CA (APN 177-181-014, 015, 016, 017, 018, 020, 024 and 177-134-003) for the amount of \$36,000,000, of which \$13,000,000 will be County funds, for use by the Resource Management Agency and other collaborative County Departments and supportive programs;
c. Authorizing the Director of the Resource Management Agency to execute the Purchase and Sale Agreement and Joint Escrow Instructions and any necessary transfer documents to complete the purchase including Certificate of Acceptance and Consent to Recordation on behalf of the County;
d. Approving a Lease Termination and Release between the County and Capital One, N.A., to complete the above described purchase;
e. Authorizing the Director of the Resource Management Agency to execute the Lease Termination and Release;
f. Authorizing the expenditure of up to \$13,000,000 for the purchase as outlined in the final closing documents and \$25,000 for closing costs;
g. Authorizing the County Administrative Officer, the Director of the Resource Management Agency, County Counsel, the Auditor-Controller, and any other appropriate County officials to undertake such other actions, and execute such other documents, as may be necessary or appropriate to implement the intent and purposes of this resolution; and
h. Imposing certain conditions on approval.....

WHEREAS, in March 2014 the sale of the Schilling Place property located at 1441, 1488 and 1494 Schilling Place ("Property"), an approximately 294,065 square feet office building and warehouse became known to County staff; and

WHEREAS, in April 2014, the Board of Supervisors of Monterey County adopted a revised Five-Year Capital Improvement Financing Plan to accommodate major facility space needs for County services; and

WHEREAS, the Director of the Resource Management Agency (RMA) entered into discussions and negotiations with the facility owners, Schilling Place Property, LLC and Schilling Place QC, LLC (“Seller”); and

WHEREAS, as part of the negotiating process, the RMA conducted an assessment and completed a Schilling Place Due Diligence Report for the Property; and

WHEREAS, on August 18, 2014, the Director of RMA released the Schilling Place Due Diligence Report to the general public; and

WHEREAS, on August 26, 2014, the Board of supervisors of Monterey County received and considered the Schilling Place Due Diligence Report; and

WHEREAS, the Board of Supervisors of Monterey County found that the purchase of the Property to be in the best interest of the County of Monterey and the purchase to not be subject to CEQA at this time pursuant to Section 15004(b)(2)(A) of the CEQA Guidelines; and

WHEREAS, the Board of Supervisors further found that the purchase and sale be subject to certain conditions;

NOW, THEREFORE,

BE IT RESOLVED THAT, the Board of Supervisors of Monterey County hereby:

1. Finds that the foregoing facts are true and correct.
2. Finds that the purchase of the 294,065 s.f. office buildings located at 1441, 1488 and 1494 Schilling Place in Salinas CA (APN 177-181-014, 015, 016, 017, 018, 020, 024 and 177-134-003) is not subject to CEQA at this time, and that any final decision on the reuse of the facility will be subject to CEQA, pursuant to Section 15004(b)(2)(A) of CEQA Guidelines.
3. Approves the Purchase and Sale Agreement and Joint Escrow Instructions with Schilling Place Property, LLC, and Schilling Property QC, LLC, in substantial conformance with the terms and conditions set forth in Exhibit 1 attached hereto, to purchase the 294,065 s.f. office buildings located at 1441, 1488 and 1494 Schilling Place in Salinas CA (APN 177-181-014, 015, 016, 017, 018, 020, 024 and 177-134-003) for the amount of \$36,000,000, of which \$13,000,000 are County funds, for use by the Resource Management Agency and other collaborative County Departments and supportive programs.
4. Authorizes the Director of the Resource Management Agency to execute the Purchase and Sale Agreement and Joint Escrow Instructions and any necessary transfer documents to complete the purchase including a Certificate of Acceptance and Consent to Recordation on behalf of the County.
5. Approves a Lease Termination and Release between the County and Capital One, N.A., to complete the above described purchase in substantial compliance with the terms and

conditions set forth in Exhibit 2, attached hereto.

6. Authorizes the Director of the Resource Management Agency to execute the Lease Termination and Release.
7. Authorizes the expenditure of up to \$13,000,000 for the purchase as outlined in the final closing documents and \$25,000 for closing costs.
8. Finds that the purchase and sale should be subject to certain conditions, specifically: 1) within six months of the date of this action, the County may consider selling the subject property at fair market value (or for such other consideration that the County may legally in its discretion approve) to a willing buyer identified by any person or entity that is prepared to employ at least one thousand people in new jobs at the property; and 2) a methodology or formula be developed by which savings realized from the first year of occupancy and utilization of the subject property by the County may be identified, and such formula or methodology be brought to the Board of Supervisors to consider contributing to the downtown Salinas beautification effort and funding on a matching basis with any city in the County a downtown planning effort with an appropriate planning entity.
9. Authorizes the County Administrative Officer, the Director of the Resource Management Agency, County Counsel, the Auditor-Controller, and any other appropriate County officials to undertake such other actions, and execute such other documents, as may be necessary or appropriate to implement the intent and purposes of this resolution.

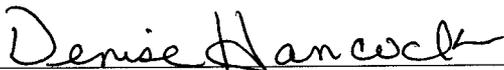
PASSED AND ADOPTED upon motion of Supervisor Potter, seconded by Supervisor Parker and carried this 26th day of August 2014, by the following vote, to wit:

AYES: Supervisors Calcagno, Parker and Potter
NOES: Supervisors Armenta and Salinas
ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 77 for the meeting on August 26, 2014.

Dated: September 17,, 2014
File Number: RES 14-080

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By 
Deputy