

# Proposed 2010 Certificates of Participation

*Santa Barbara County Board of Supervisors  
May 18, 2010*

## Proposed 2010 Certificates of Participation

Project	Amount
Historic Courthouse Public Defender's Remodel	\$5,500,000
Emergency Operations Center	5,410,000
Betteravia Administration Building	6,100,000
<b>Total:</b>	<b>\$17,010,000</b>

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## Scenario 1: Hybrid COP

	30-Year Financing (\$millions)	20-Year Financing (\$millions)
Principal	19.03	19.10
Total Interest (Inception to Maturity)	24.09	14.54
Total Debt Service	\$ 43.12	\$ 33.64
Less: 45% Federal Subsidy	(10.84)	(6.54)
Net Debt Service	\$ 32.32	\$ 27.23
Average Annual Net Debt Service	1.08	1.36

## Scenario 2: Tax-Exempt COP

Principal	18.74	18.66
Total Interest (Inception to Maturity)	17.46	10.73
Total Debt Service	\$ 36.20	\$ 29.39
Average Annual Net Debt Service	1.20	1.48

A hybrid RZEDB issuance saves \$4.21 and \$2.73 million, over 30 and 20 years, respectively, as compared to the tax-exempt COP. The 30 year issuances have lower annual debt service payments than the 20-year issuances, but the interest paid over the life of the issuance is more.

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The main potential risks are:

- Delayed and/or suspended IRS subsidy payments
- Reclaimed Subsidy: The IRS may offset the subsidy payment for amounts owed to the Federal government for another County program
- Additional administrative reporting requirements and IRS filings to receive 45% subsidy payments
- Costs of issuance are limited to 2.0%

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- As of March 2010 there were 1,082 taxable subsidy bonds issued, totaling over \$86 billion
- 24% of them have been issued by California issuers