

**BERNICE JAMES**  
Treasurer – Tax Collector  
Public Administrator – Public Guardian

**Harry E. Hagen, CPA**  
Assistant Treasurer – Tax Collector  
Public Administrator – Public Guardian

**Stacey Matson, CPA**  
Investment & Debt Officer



## INVESTMENT AND DEBT

105 E. Anapamu St, Room 109, Santa Barbara  
Telephone (805) 568-2490  
Fax (805) 568-2488

Mailing Address: PO Box 579  
Santa Barbara, CA 93102-0579

### Memorandum

**Date:** May 18, 2010

**To:** Santa Barbara County Board of Supervisors

**From:** Bernice James, Treasurer – Tax Collector

**Subject:** Hearing Item 4: May 18, 2010 Certificates of Participation

The independent appraiser valued the County Administration Building at \$15 million.

Section 12 and Exhibit A of the Resolution have been amended.

Exhibit A to the following documents has also been amended to add the Naomi Schwartz Building as a potential leased asset:

Lease  
Sub-Lease  
Assignment Agreement

The attached Preliminary Official Statement "Demised Premises" narrative has been updated as red-lined in the attached page.

Partial prior funding for the Naomi Schwartz Building has been from the Solid Waste enterprise fund.

The Treasurer has the option to remove an asset if not necessary for the issuance.

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE  
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA**

IN THE MATTER OF AUTHORIZING THE ) EXECUTION AND DELIVERY OF A LEASE, ) A SUBLEASE, AN ASSIGNMENT ) AGREEMENT, A TRUST AGREEMENT AND ) A CONTRACT OF PURCHASE; APPROVING ) EXECUTION OF CERTIFICATES OF ) PARTICIPATION TO FINANCE CERTAIN ) CAPITAL IMPROVEMENTS; APPROVING ) AN OFFICIAL STATEMENT FOR SAID ) CERTIFICATES OF PARTICIPATION; ) AUTHORIZING THE EXECUTION AND ) DELIVERY OF A CONTINUING ) DISCLOSURE AGREEMENT; AND ) AUTHORIZING CERTAIN OTHER ACTIONS ) IN CONNECTION WITH THE LEASE ) FINANCING )	RESOLUTION NO. 10-____
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**WHEREAS**, the County of Santa Barbara, a political subdivision duly organized and existing under and pursuant to the Constitution and laws of the State of California (the “County”), has heretofore considered the acquisition and construction of various capital projects;

**WHEREAS**, the Santa Barbara County Finance Corporation, Inc. (the “Corporation”), has agreed or will agree to assist the County in financing capital projects of the County by entering into a lease (the “Lease”) with the County pursuant to which the Corporation will pay advance rental to the County for the lease of certain real property described in Exhibit A attached hereto (the “Demised Premises”); and

**WHEREAS**, the County and the Corporation will enter into a sublease (the “Sublease”) pursuant to which the County will lease back the Demised Premises from the Corporation; and

**WHEREAS**, rights to base rental payments payable by the County pursuant to the Sublease will be evidenced by certificates of participation (the “Certificates”); and

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the County is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided;

**NOW, THEREFORE,** be it resolved by the Board of Supervisors of the County of Santa Barbara as follows:

**SECTION 1.** The County hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the County and that the statements, findings and determinations of the County set forth above and in the preambles of the documents approved herein are true and correct.

**SECTION 2.** The County hereby authorizes the execution and delivery of 2010 Certificates of Participation (the "Certificates"), in one or more series or subseries which may be tax-exempt or taxable and may include Build America Bonds and Recovery Zone Economic Development Bonds, for the purpose of financing certain capital projects. The aggregate principal amount of the Certificates shall not exceed \$22 million.

**SECTION 3.** The form of the lease (the "Lease"), between the County, as lessor, and the Corporation, as lessee, presented to this meeting and on file with the Clerk of the Board of Supervisors of the County, is hereby approved. The Chair and the Vice Chair of the Board of Supervisors of the County (the "Authorized Officers") are, and each of them acting alone is, hereby authorized and directed, for and in the name and on behalf of the County to execute, acknowledge and deliver to the Corporation the Lease in substantially said form, with such changes therein (including, but not limited to, any changes as may be necessary to obtain municipal bond insurance authorized pursuant to Section 10 hereof) as such officer may require or approve with the consent of County Counsel of the County ("County Counsel"), such approval to be conclusively evidenced by the execution and delivery thereof.

**SECTION 4.** The form of the sublease (the "Sublease"), between the Corporation, as sublessor, and the County, as sublessee, presented to this meeting and on file with the Clerk of the Board of Supervisors of the County, is hereby approved. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed, for and in the name and on behalf of the County to execute, acknowledge and deliver to the Corporation the Sublease in substantially said form, with such changes therein (including, but not limited to, any changes as may be necessary to obtain municipal bond insurance authorized pursuant to Section 10 hereof) as such officer may require or approve with the consent of County Counsel, such approval to be conclusively evidenced by the execution and delivery thereof. The schedule of the principal and interest components of the base rental contained in the Sublease and attached as Exhibit B to the Sublease shall be determined by the officials of the County specified in Section 6 upon the sale of the Certificates.

**SECTION 5.** The form of the trust agreement (the "Trust Agreement"), among the Corporation, the County and U.S. Bank National Association, as trustee (the "Trustee"), presented to this meeting and on file with the Clerk of the Board of Supervisors of the County, is hereby approved. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed, for and in the name and on behalf of the County to execute, acknowledge and deliver to the Corporation and the Trustee the Trust Agreement in substantially said form, with such changes therein (including, but not limited to, any changes in connection with the prepayment of the Certificates and as may be necessary to obtain municipal bond insurance authorized pursuant to Section 10 hereof) as such officer may require or approve with

the consent of County Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

**SECTION 6.** The form of Contract of Purchase (the "Contract of Purchase") among the County, the Corporation and E. J. De La Rosa & Co., Inc. (the "Underwriter"), presented to this meeting and on file with the Clerk of the Board of Supervisors of the County, for the sale of the Certificates is hereby approved. The Treasurer of the County or her designee is hereby authorized and directed to negotiate with the Underwriter the final terms of such Contract of Purchase, which may include bond insurance, provided that the aggregate principal amount of the Certificates shall not exceed \$22 million; the true interest rate with respect to tax-exempt Certificates shall not exceed 6.5% per annum and with respect to taxable Certificates shall not exceed 9% per annum; the terms of the Lease and the Sublease shall not exceed 31 years (plus a 10-year extension); and the underwriting discount (exclusive of original issue discount) shall not exceed 0.8% of the aggregate principal amount of the Certificates. If such final terms are acceptable to the Treasurer of the County or her designee, the Treasurer of the County or her designee is hereby authorized and directed, for and in the name of and on behalf of the County, to accept the offer of the Underwriter to purchase the Certificates contained in, and to execute and deliver, a Contract of Purchase in substantially said form containing such final terms, approval of such final terms to be conclusively evidenced by the execution of said Contract of Purchase.

**SECTION 7.** The form of Assignment Agreement (the "Assignment Agreement"), between the Corporation and the Trustee, presented to this meeting and on file with the Clerk of the Board of Supervisors of the County, is hereby approved.

**SECTION 8.** The form of preliminary official statement (the "Preliminary Official Statement"), presented to this meeting and on file with the Clerk of this Board of Supervisors, is hereby approved. The Underwriter is hereby authorized to distribute a preliminary official statement in substantially said form with such changes as the Underwriter and County may approve to persons who may be interested in the purchase of the Certificates. The Authorized Officers and the Treasurer of the County are, and each of them acting alone is, hereby authorized, for and in the name and on behalf of the County, (1) to execute and deliver to the Underwriter a certificate or certificates, in a form acceptable to County Counsel, to the effect that the preliminary official statement and the final official statement hereinafter mentioned are deemed final as of their respective dates for purposes of Rule 15c2-12 of the Securities Exchange Act of 1934 and (2) to execute a final official statement, in substantially the form of said preliminary official statement, with such insertions and changes therein as such officer executing the same may require or approve with the advice of County Counsel, such approval to be conclusively evidenced by the execution and delivery thereof by such officer. The Underwriter is hereby directed to deliver a copy of said final official statement (as finally executed, the "Official Statement") to all actual purchasers of the Certificates authorized hereby.

**SECTION 9.** The form of the Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), by and between the County and the Trustee, presented to this meeting and on file with the Clerk of the Board of Supervisors of the County, is hereby approved. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed, for and in the name and on behalf of the County, to execute, acknowledge and deliver

the Continuing Disclosure Agreement in substantially said form, with such changes therein as such officer may require or approve with the consent of County Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

**SECTION 10.** The Treasurer of the County is hereby authorized to negotiate with municipal bond insurance companies, and, if the Treasurer determines that it is in the best financial interests of the County, to purchase bond insurance and/or reserve fund insurance for the Certificates on such terms as the Treasurer determines are appropriate.

**SECTION 11.** The County shall obtain funds for the financing of certain capital projects from proceeds received from the Corporation pursuant to the Lease. Pursuant to the Trust Agreement and the Assignment Agreement, the Trustee shall arrange for the execution and delivery of the Certificates evidencing and representing undivided interests in the rental payments to be made by the County pursuant to the Sublease. Such rental payments may be made from any funds of the County lawfully available therefor, including the proceeds of the Certificates available for such purpose.

**SECTION 12.** The Demised Premises to be leased pursuant to the Lease and Sublease shall be the properties described in Exhibit A hereto; provided, however, that upon a determination by the Treasurer of the County, following consultation with the Underwriter, that less than all of the properties are required for the financing, the Treasurer is authorized to remove properties identified in Exhibit A from the Demised Premises.

**SECTION 13.** The Clerk of the Board of Supervisors of the County is hereby authorized and directed to attest the signature of the Authorized Officers or other officials of the County and to affix and attest the seal of the County as may be required or appropriate in connection with the execution and delivery of the Lease, the Sublease, the Assignment Agreement, the Trust Agreement, the Contract of Purchase, the Continuing Disclosure Agreement and the Official Statement.

**SECTION 14.** The Board of Supervisors acknowledges and understands that the same attorney(s) within County Counsel may represent and advise both the County and the Corporation regarding financings and applicable documents, and waives any potential or actual conflicts of interest arising therefrom.

**SECTION 15.** The officers of the County are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the sale, execution and delivery of the Certificates by the Trustee and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, the Certificates, the Lease, the Sublease, the Trust Agreement, the Contract of Purchase, the Assignment Agreement, the Continuing Disclosure Agreement and the Official Statement, including but not limited to entering into investment agreements, forward delivery agreements and reserve fund reimbursement agreements. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

**SECTION 16.** This resolution shall take effect immediately upon its passage.

**PASSED AND ADOPTED** this 18th day of May, 2010, by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Chair of the Board of Supervisors

[SEAL]

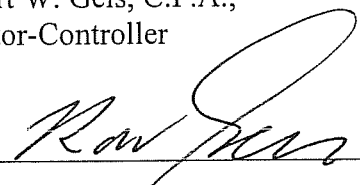
**ATTEST:**

Michael F. Brown,  
Clerk of the Board of Supervisors

**APPROVED AS TO ACCOUNTING  
FORM:**

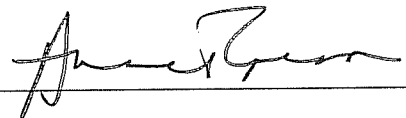
Robert W. Geis, C.P.A.,  
Auditor-Controller

By \_\_\_\_\_

By  \_\_\_\_\_

**APPROVED AS TO FORM:**

Dennis Marshall,  
County Counsel

By  \_\_\_\_\_

**EXHIBIT A**

**DEMISED PREMISES**

County Administration Building

Naomi Schwartz Building

## **EXHIBIT A**

The Demised Premises shall consist of the following (subject to modification as set forth in Section 12 of the Resolution):

County Administration Building

Naomi Schwartz Building



**EXHIBIT A**

**DEMISED PREMISES**

County Administration Building

Naomi Schwartz Building

## THE DEMISED PREMISES

### The Demised Premises

Pursuant to the Lease, the County has leased the Demised Premises to the Corporation, in consideration of a one-time upfront lease payment by the Corporation and the Corporation's promise to lease the Demised Premises back to the County pursuant to the Sublease. The Demised Premises consist of the County Administration Building and the Naomi Schwartz Office Building.

<u>Property Description</u>	<u>Square Footage<sup>(1)</sup></u>	<u>Value<sup>(2)</sup></u>
County Administration Building	95,981	\$22,980,000
<u>Naomi Schwartz Building</u>	<u>9,628</u>	<u>2,434,700</u>
	<u>105,609</u>	<u>\$25,414,700</u>

(1) Square footage is of building improvements located on Demised Premises.

(2) Value of Demised Premises based upon insured value of structures, and excludes land values. In addition, the County has obtained an appraisal which establishes the value of the Administration Building (excluding land value) at approximately \$15 million and a letter appraisal for the Naomi Schwartz Building which establishes the value of the building and the footprint of the building at approximately \$5 million.

The County Administration Building, located in downtown Santa Barbara, is a steel frame, five story building constructed in 1965, which provides approximately 95,981 square feet of space. The building houses the Board of Supervisors' hearing room and offices, the County Executive Office, General Services, Information Technology, the offices of the Auditor-Controller, Clerk-Recorder-Assessor, Treasurer-Tax Collector, County Counsel, Government TV, Housing and Community Development and other miscellaneous services.

The Naomi Schwartz Office Building, located adjacent to the County Administration Building in downtown Santa Barbara, is a stucco and wood frame, two story building constructed in 2004, which provides approximately 9,628 square feet of space for County services.

In the event the County elects to execute and deliver Additional Certificates to fund additional components of the Project, the Sublease may be amended to increase Base Rental Payments in an amount sufficient to secure such Additional Certificates.