



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

**Department Name:** Treasurer-Tax Collector  
**Department No.:** 065  
**For Agenda Of:** 12/2/2014  
**Placement:** Departmental  
**Estimated Tme:** 15 minutes  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** 4/5

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**TO:** Board of Supervisors  
**FROM:** Department Harry E. Hagen, CPA, CPFO, CPFIM, Treasurer-Tax Collector  
Director(s)  
Contact Info: Jennifer C. Christensen, JD MBA CPFO, Investment & Debt  
Officer, 568-2925  
**SUBJECT: 2005 Certificates of Participation Refunding**

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:** Debt Advisory Committee

As to form: Yes

**Recommended Actions:** That the Board of Supervisors:

- a. Approve a lease-leaseback financing with Wells Fargo Municipal Capital Strategies, LLC, for the purpose of 1) refunding the 2005 Certificates of Participation (COPs) in a total financing amount not to exceed \$10,000,000;
- b. Adopt a resolution in the matter of authorizing the execution and delivery of a lease, a sublease, an assignment agreement, a contract of purchase and an escrow agreement; and authorizing certain other actions in connection with a lease financing;
- c. Approve and authorize the Chair to execute an Agreement for Special Counsel Services in the amount of \$40,000 with Orrick, Herrington & Sutcliffe LLP to perform legal services as bond counsel incident to the execution and delivery of the 2014 Sublease for the purpose of refunding the 2005 Certificates of Participation;
- d. Direct the County Treasurer-Tax Collector, County Auditor-Controller, County Counsel, and General Services to proceed with all necessary actions required to proceed with the refunding of the 2005 Certificates of Participation;
- e. Authorize the Treasurer-Tax Collector to abandon the financing if market conditions have become financially unfavorable;
- f. Approve the attached budget revision; and

- g. Determine that the above actions are government funding mechanisms and/or fiscal activities that are not a project under the California Environmental Quality Act (CEQA) pursuant to section 15378(b)(4) of the CEQA Guidelines.

**Summary Text:**

In August 2014, the DAC voted to recommend the refunding of the 2005 Certificates of Participation (COPs) to benefit from historically low interest rates. Preliminary information compiled by Wells Fargo indicates a net present value savings of over \$1,000,000. The proposed tax-exempt financing will not exceed \$10,000,000.

**Background:**

The 2005 COPs financed the following projects: Assessor Hall of Records, Fire Department and Sheriff's Department Station in Lompoc, Isla Vista Foot Patrol Facility, Alcohol, Drug, & Mental Health Services Children's Services and Adult Services building, land acquisition for the North County Jail, Santa Barbara Courthouse HVAC, Santa Barbara Courthouse Elevator, and South County Jail Sewer Reconstruction. The 2005 COPs had a par amount of \$18,785,000, average annual debt service of approximately \$1,500,000 and an all-in true interest cost of 4.47%.

**Fiscal and Facilities Impacts:**

Annual debt service is required to be appropriated annually in the County's budget by the covenants of the issuance. Debt service will be paid semi-annually commencing in the 2014-2015 fiscal year.

**Fiscal Analysis:**

The 2005 COPs were issued in April 2005 in the amount of \$18,785,000 and currently have \$11,080,000 in outstanding principal proposed to be refunded. The average coupon rate of the refunded bonds would drop from 4.37% to 2.46% resulting in estimated savings of \$1,215,700 over the next 10 years or a net present value savings of \$1,108,570. The annual savings for Fiscal Year 2014-15 is estimated to be \$49,786.

All numbers in the fiscal analysis section are current estimates and will be fixed at pricing.

**Special Instructions:**

Please return four full sets of signed resolutions and one signed Agreement for Special Counsel Services to Jennifer Christensen in the Treasurer-Tax Collector's office. The Treasurer's office will forward these documents to Bond Counsel for inclusion with the closing documents.

**Attachments:**

1. Resolution of the Board of Supervisors authorizing the execution and delivery of a lease, a sublease, an assignment agreement, a contract of purchase and an escrow agreement; and authorizing certain other actions in connection with a lease financing
2. Lease
3. Sublease
4. Assignment Agreement
5. Contract of Purchase
6. Escrow Agreement

7. Agreement for Bond Counsel Services
8. Sources and Uses of Funds (Estimated)
9. Budget Revision

**Authored by:**

Jennifer C. Christensen, JD MBA CPFO, Investment & Debt Officer, x2925