



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: May 20, 2008
Placement: Set Hearing
Estimated Tme: 5 Minutes on May 27,
2008
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Bernice James, Treasurer – Tax Collector
Director(s)
Contact Info: Stacey Matson, Investment & Debt Officer
(805) 568 - 2158

SUBJECT: **2008 Certificates of Participation: Tax and Equity Fiscal Responsibility Act of 1982 (TEFRA) Hearing**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Debt Advisory Committee

Recommended Actions: Set a Tax and Equity Fiscal Responsibility Act of 1982 (TEFRA) Hearing for May 27, 2008 to consider authorizing that a portion of the tax-exempt proceeds of the Santa Barbara County 2008 Certificates of Participation, if issued, may be used to purchase facilities that may be leased to the following non-profit organizations: Santa Barbara Neighborhood Clinics (Clinic) and St. Athanasius Orthodox Church (Church).

Summary Text:

Issuance of the 2008 Certificates of Participation, if approved by the Board of Supervisors, will include approximately \$5 million of project proceeds for the purchase of properties that will be leased by the Clinic and the Church, with the Santa Barbara County Redevelopment Agency as the lessor.

Background:

Santa Barbara County is in the process of issuing the 2008 Certificates of Participation (COP) in an amount not to exceed \$30 million, with a term not to exceed 21 years. The COP issuance has been heard by the Debt Advisory Committee and a final recommendation that it be forwarded to the County Board of Supervisors was adopted at its December 7, 2007 meeting.

Approximately \$18 million of the proceeds will be issued to loan to the Santa Barbara County Redevelopment Agency for the Isla Vista Project Area. Of that \$18 million, an estimated \$5 million

will be used to purchase the following properties: 976 Embarcadero Del Mar (Church) and 970 Embarcadero Del Mar (Clinic). The acquisition of the properties and the lease agreements were authorized by the Board of Directors of the Redevelopment Agency on April 15, 2008 (Clinic) and May 6, 2008 (Church).

Although the County will be issuing the COP, the entities occupying the facilities constitute private activity usage and this hearing is required to be held for the related proceeds to be issued on a tax-exempt basis. Federal law provides a process for a qualified 501(c)(3) organization to participate in a tax-exempt financing under Section 147(f) of the Internal Revenue Code. The Tax and Equity Fiscal Responsibility Act of 1982 (TEFRA), requires the legislative body of the local agency in which the project will be located to hold the TEFRA hearing in order for the financing to be tax-exempt. Both the Church and the Clinic are qualified 501(c)3 organizations.

This hearing was noticed in the Santa Barbara News Press on May 1, 2008, see attached.

Fiscal and Facilities Impacts:

Staffing Impacts:

Special Instructions: None

Attachments:

Authored by: Stacey Matson

cc: