



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: 5/20/2008  
Placement: Set Hearing  
Estimated Tme: 15 Minutes on  
5/27/2008  
Continued Item: No  
If Yes, date from:  
Vote Required: 4/5 Vote

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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 Issuance (Set Hearing)**

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:** Debt Advisory Committee

**Recommended Actions:**

Set a hearing for May 27, 2008 to consider and authorize the issuance of the Santa Barbara County 2008 Certificates of Participation, as follows:

That the Board of Supervisors:

- A. Authorize the County Treasurer-Tax Collector to execute the Contract of Purchase for the issuance of non-taxable 2008 Certificates of Participation in accordance with State and Federal law, in an amount not to exceed \$30,000,000, at a yield not to exceed 5.5%, and for a term not to exceed 21 years;
- B. Authorize the financing of the following capital improvements:
  1. Public Works Department, Solid Waste: Tajiguas Landfill Liner Project
  2. Santa Barbara County Redevelopment Agency, Isla Vista Project Area: Acquisition of land, and improvements and enhancements to downtown Isla Vista sidewalks, landscaping, roadways, parking, and parks;

- C. Approve and authorize the Chair to execute a contract appointing Orrick, Herrington & Sutcliffe as Bond Counsel; execute a contract appointing Lofton & Jennings as Disclosure Counsel, and accept a proposal for Trustee, Registrar, and Paying Agent Services from US Bank Corporate Trust Services;
- D. Direct the County Treasurer-Tax Collector, County Auditor-Controller, County Counsel, and General Services to proceed with all necessary actions required to issue the 2008 Certificates of Participation;
- E. Authorize the Treasurer-Tax Collector to abandon the issuance if market conditions are deemed to have become financially unfavorable;
- F. Adopt a resolution: Authorizing the Execution and Delivery of a Lease, a Sublease, an Assignment Agreement, a Trust Agreement, a Contract of Purchase, and 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; Authorizing the Execution of a Repayment Agreement; and Authorizing Certain Other Actions in Connection with the Lease Financing;
- G. Approve and adopt the attached budget revision.

**Summary Text:**

At their December 7, 2007 meeting, the Debt Advisory Committee considered the proposed 2008 Certificates of Participation issuance and adopted a final recommendation that the proposal be forwarded to the County Board of Supervisors for its consideration and approval. The proposed issuance is in a not to exceed amount of \$30 million, with a term not to exceed 21 years. Approximately \$18 million of the proceeds will be advanced to the Santa Barbara County Redevelopment Agency and approximately \$8 million of the proceeds will be utilized by the Public Works Department, Solid Waste Division.

**Background:**

The proposed projects for the 2008 COP financing are as follows:

Entity	Project Description	Project Amount to be Financed	Estimated Average Yearly Debt Service	Repayment Funding Source
Public Works, Solid Waste Division	Acquisition and installation at Tajiguas of an impermeable landfill liner.	\$6,000,000	\$620,000 (15 Year Term)	Solid Waste Tipping Fees
Redevelopment Agency, Isla Vista Project Area	The County will advance proceeds to the RDA pursuant to a payment agreement. RDA capital improvements include: <ul style="list-style-type: none"> <li>• Acquisition of land</li> <li>• Improvements and enhancements to downtown Isla Vista sidewalks, landscaping, roadways, parking, public utilities, and parks.</li> </ul>	\$13,400,000	\$1,500,000 (20 Year Term)	RDA Tax Increment and Rental Revenues

The project proceeds for the Redevelopment Agency (RDA) will be loaned by the County to the RDA. The loan will be repaid in full over the term of the issuance. In addition to the estimated \$19.4 million in project proceeds, a \$2.1 million debt service reserve fund and a \$2.3 million capitalized interest fund (RDA only) will also be financed, bringing the estimated issuance to \$23.8 million. The reserve fund is required security for the issuance and will be applied toward the final debt service payment. Capitalized interest will be applied to debt service interest payments of the RDA.

COP are an obligation of the General Fund regardless of which funds are designated internally to pay the debt service. Therefore, if any funding source does not materialize in any given year of the debt term, the General Fund must make up the difference.

Upon the Board of Supervisors (BOS) approval of the issuance of the 2008 COP, Bank of America will act as the underwriter, Orrick, Herrington and Sutcliffe as special legal counsel, and Lofton & Jennings as disclosure counsel. US Bank will be the Trustee. Information and preliminary documents, will be presented to the Santa Barbara Finance Corporation on May 21, 2008 for their authorization.

**Fiscal and Facilities Impacts:**

Annual debt service is required to be appropriated annually in each entity's budget by the covenants of the issuance. Debt service will be paid semi-annually commencing in the 2008-2009 fiscal year. A budget revision to allow the proceeds to be posted on the anticipated June 2008 closing date has been prepared, see attached.

**Fiscal Analysis:**

Narrative: The funding source for the annual debt service is expected to be fully paid by Solid Waste tipping fees, and the tax increment and lease revenues of the RDA. In the event sufficient amounts are not available, the general fund will be obligated to pay any shortfall. The County Auditor – Controller has worked with both entity's to develop revenue projections. In addition, the RDA retained an external fiscal consultant, Keyser Marston Associates Incorporated, to prepare a projection of tax increment revenues for the Isla Vista Redevelopment Project Area. Based on those analyses, staff believes that there will be sufficient funds to repay the debt.

**Staffing Impacts:**

**Special Instructions:**

**Attachments:**

Pending: Attachments will be docketed timely for the May 27, 2008 hearing.

**Authored by:** Stacey Matson

**cc:**