



**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: Housing & Community
Development
Department No.: 055
For Agenda Of: April 13, 2010
Placement: Departmental
Estimated Tme: 15 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department David Matson, Housing & Community Development,
Director(s) Interim Director (568-2068)
Contact Info: Chris Rich, County Executive Office
Fiscal & Policy Analyst (568-2060)

SUBJECT: emPowerSBC: Limited Obligation Improvement Bonds

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Treasurer Tax-Collector

Recommended Actions:

To preserve one of the available options for cost-effective emPowerSBC financing, it is recommended that the Board of Supervisors adopt the County of Santa Barbara Resolution Authorizing Issuance of Limited Obligation Improvement Bonds, Approving and Directing the Execution of Related Documents and Approving Related Actions (Attachment 1). Pursuant to this Resolution, the Board will, among other things, authorize the issuance of Limited Obligation Bonds and approve related documents (Attachment 2).

Summary Text:

On December 1, 2009, the Board directed staff to initiate a judicial validation action in coordination with outside counsel following formation of the emPowerSBC program; the Board of Supervisors will consider formation of emPowerSBC on April 13, 2010. A number of options are available to the County, through which emPowerSBC could provide financing to program participants. One of these options is the issuance of Limited Obligation Bonds. Limited Obligation Bonds will be payable from contractual assessments levied on parcels that voluntarily choose to participate in the emPowerSBC program. Outside counsel has drafted the attached resolution (Attachment 1) and bond documentation (Attachment 2) relating to the issuance of Limited Obligation Improvement Bonds. The Board must authorize issuance of the Limited Obligation Bonds and approve the bond documents in order to

undertake a validation action, but the Board will have an opportunity to review the details of proposed financings prior to issuance of bonds at a later date.

Background/Discussion:

A judicial validation action is required prior to offering financing to emPowerSBC program participants. The purpose of a validation action is to receive a superior court judgment that the contractual assessments levied by the County are valid assessments and that any obligations issued by the County to finance installation of renewable energy, energy efficiency and water efficiency improvements, along with all related documents, are legal, valid and binding. The County cannot undertake a judicial validation action until the Board of Supervisors has approved the bonds and the related documents. Accordingly, outside counsel has prepared the attached documentation relating to the issuance of one or more series of Limited Obligation Bonds. The Limited Obligation Bonds would be payable from contractual assessments levied on properties that choose to participate in the emPowerSBC program. Another financing option – a Certificate of Participation – is discussed as part of a separate item on the April 13, 2010 Board agenda.

With the recommended action, the Board is requested to adopt the attached resolution. Pursuant to the resolution, the Board would authorize issuance of the Limited Obligation Bonds and approve as to form the attached bond documentation. If successful in its judicial validation action, staff will return to the Board prior to the sale of any bonds to define acceptable terms, including whether an issuance will be competitive or negotiated, the maximum principal amount of the issuance, and the associated interest rate. At that time, the Board also will consider any sale-related documents, including the bond purchase agreement and the official statement.

If the attached documents are not approved today for inclusion in the judicial validation process, financing options available for the emPowerSBC program will be limited, hampering the ability of the program to adequately respond to changing market dynamics.

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund	NA	NA	NA
State			
Federal			
Fees			
Other:			
Total	\$ -	\$ -	\$ -

Narrative:

There is no financial impact associated with adopting the attached resolution. Staff will return to the board at a later date to actually issue debt.

Staffing Impacts:

Legal Positions:
NA

FTEs:
NA

Special Instructions:

NA

Attachments:

Attachment 1: County of Santa Barbara Resolution Authorizing Issuance of Limited Obligation Improvement Bonds, Approving and Directing the Execution of Related Documents and Approving Related Actions

Attachment 2: Limited Obligation Improvement Bond Documents: Master Indenture and Form of Supplemental Indenture

Authored by:

Chris Rich, County Executive Office

cc:

Robert Geis, Auditor-Controller

Bernice James, Treasurer-Tax Collector