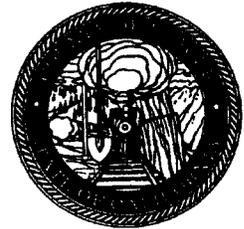


**Memorandum
Office of Jenine Windeshausen
Treasurer-Tax Collector**



To: The Honorable Board of Supervisors

From: Jenine Windeshausen, Treasurer-Tax Collector 

Date: November 27, 2007

Subject: Sale Results of South Placer Justice Center Courthouse Financing Project
Certificates of Participation

Action Requested:

Receive a report on the results of the 2007 South Placer Justice Center Courthouse Financing Project Certificates of Participation.

Background:

On October 23rd, your Board authorized the sale of certificates of participation to finance the purchase of the South Placer Justice Center. On November 15th, the bonds were sold through a competitive process. A summary of the sale is as follows:

- The winning bid was 4.381223%, submitted by Morgan Stanley.
- A total of 8 bids were received.
- The dollar difference between the winning bid and the last place bid of 4.666366% was \$881,613.

It is noteworthy that the current market remains volatile and subject to sub-prime loan exposure. During the bond insurance selection process, the County was presented with issues concerning the amount of sub-prime loan exposure by some bond insurers. The County initially selected a well known bond insurer at the lowest bid who then became the subject of publicized sub-prime loan exposure. Since the Treasurer had not yet signed the insurance commitment letter, the County was able to select another bond insurer at slightly higher cost who had the least sub-prime loan exposure according to a published rating agency report. This decision was based on a strategy of using the County's good name and high credit rating to attract the largest amount of investors given the current credit crunch and market sentiment.

While there were no similar bond sales on the 15th, there were two sales on the day before. The City of Watsonville sold a \$27.375 million revenue bond insured by the bond insurer that the County had initially selected and later rejected. Watsonville received only two bids at a winning interest rate of 4.83%. The Watsonville bonds were rated slightly lower than the County. Also on the 15th, the Las Vegas Convention and Visitors Authority sold revenue bonds in the amount of \$50 million insured with the same insurer as Watsonville. The Authority received a single bid at an interest rate of 4.8%. The Authority had a slightly higher rating than the County. The County's decision to select the insurer with little credit exposure demonstrate Placer County's ability to trade on its good name as the difference between the County's bid and the other two bond issues the day before was over \$1.3 million.

Recommendation:

Accept the above item of information.

