

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



To: The Honorable Board of Supervisors
From: Jenine Windeshausen, Treasurer-Tax Collector
Date: June 24, 2008
Subject: Refunding of 1998 Certificates of Participation for the Juvenile Detention Facility and Jail Kitchen

Action Requested:

1. Adopt a resolution approving the form of the Site and Facility Lease, the Lease Agreement, the Trust Agreement, the Termination Agreement, and the Preliminary Official Statement and authorizing and directing the preparation and execution of other lease financing documents as may be required, the preparation and distribution of a Preliminary Official Statement in connection with the offering and sale of certificates of participation, and authorizing and directing certain county officers to take other actions as may be necessary or required with respect to the refunding of certificates of participation for the 1998 Juvenile Detention Center and Jail Kitchen Projects as long as the net present value savings of the County's lease payment obligation is at least 3%.
2. Authorize the County Executive Officer to execute a contract with Capitol Public Finance Group, LLC for financial advisory services related to the refunding of certificates of participation for the 1998 Juvenile Detention Center and Jail Kitchen Projects, in an amount not to exceed \$49,500.
3. Authorize the County Executive Officer to execute a contract with Quint & Thimmig, LLP for bond counsel services related to the refunding of certificates of participation for the 1998 Juvenile Detention Center and Jail Kitchen Projects, in an amount not to exceed \$50,000.
4. Authorize the County Executive Officer to execute a contract with Sidley Austin, LLP for disclosure counsel services related to the refunding of certificates of participation for the 1998 Juvenile Detention Center and Jail Kitchen Projects, in an amount not to exceed \$35,000.

Background:

On June 1, 1998, the County issued \$13,200,000 million in Certificates of Participation (COPs) for the financing of the Juvenile Detention Facility and to refund the Jail Kitchen COPs in the amount of \$4,430,000 that were originally issued in 1994. The current amount outstanding on the 1998 COPs is \$10,285,000.

The Treasurer provides ongoing monitoring of outstanding debts issues for opportunities to generate savings on outstanding County debt through refunding (refinancing). It is currently estimated that refunding the 1998 COPs would generate a net present value savings of 3.65% or \$1.3 million, which translates to annual savings of \$100,000 per year.

Savings are stated net of all expenses and costs including the contracts listed above. As a percentage of the outstanding bonds, the net present value savings represents at least 3.0%. This financing will not be used to take out additional proceeds and proceeds will not be spent on new projects. Proceeds will be strictly used to refund the existing COPs. Should the market move to the extent that the net present value savings represents less than 3% of the outstanding bonds, the financing team will not consummate the sale of the COPs.

In order to refund the outstanding bonds, the Board of Supervisors must take certain actions associated with the refunding. The COP structure requires a third-party entity to issue the COPs, to own the constructed facilities and lease-back the facilities to the County. As such, the Board must take action related to the lease provisions of the COPs. Specifically, the Board must approve the Site and Facility Lease, Lease Agreement, Trust Agreement, and Termination Agreement, and the Preliminary Official Statement. The Official Statement is the primary disclosure and marketing document. The Board must approve the form and distribution of the Preliminary Official Statement and preparation, execution and distribution of Final Official Statement, which is derived from the Preliminary Official Statement. Finally, the Board must authorize the execution and delivery of the Certificates to the initial purchaser of COPs.

Specifically, the Board of Supervisors must take certain actions in concert with the Placer County Public Finance Authority to refund the outstanding 1998 COPs.

- 1) Authorize the execution and delivery of the 2008 Refinancing Project as long as the net present value savings of the County's lease payment obligation is at least 3%.
- 2) Approve the following documents and authorize and direct that the Chair of the Board, the County Executive Officer or the Treasurer-Tax Collector or their designee execute the documents in their final form.
 - a) The Site and Facilities Lease, between the County and the Placer County Public Financing Authority (the Authority).
 - b) The Lease Agreement between the Authority and the County.
 - c) The Trust Agreement by and among the Authority, the County, and the Bank of New York Trust Company NA.
 - d) The Termination agreement providing for the termination of all documents relating to the 1998 COPs.
- 3) Approve the Preliminary Official Statement in substantially final form.
- 4) Authorize and direct the Chair of the Board, the County Executive officer or the Treasurer-Tax Collector to finalize and execute the Official Statement.
- 5) Approve the distribution of the Final Official Statement.
- 6) Authorize and direct Capitol Public Finance Group LC to distribute the Preliminary Official Statement and Notice of Sale to prospective certificate purchasers.

The structure of the COPs requires the participation of a third-party Lessor. The Lessor must be either a non-profit organization or a joint powers authority. In the past, the County has utilized the North Lake Tahoe Public Finance Authority (a County/North Tahoe Public Utility District JPA) to issue its COPs. While the County has successfully utilized the North Lake Tahoe Public Finance Authority, this JPA requires various meetings with participants from the North Tahoe Public Utility District, which can be logistically challenging to schedule. Therefore, the new public finance JPA consisting of the County and the Placer County Redevelopment Agency was created. This refunding will also accomplish extinguishment of the 1998 COPs under the North Lake Tahoe

Public Finance Authority and establish the new debt under the Placer County Public Finance Authority.

To properly facilitate the refinancing project various consultants are required. These consultants include bond and disclosure counsels and a financial advisor. Additionally, an underwriter will be selected based on a competitive bid process conducted in the municipal finance market.

Fiscal Impact:

Net present value savings, are expected to be approximately \$1,300,000, to the County's General Fund or 3.65% net present value as a percent of the outstanding bonds.

Environmental:

This action is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3).

Recommendation:

It is recommended that your Board take the actions enumerated above to facilitate approximately \$1,300,000 in net present value savings through the refunding of the 1998 Certificates of Participation originally issued for the Juvenile Detention Facility and to refund the Jail Kitchen COPs.

Attachments:

- 1) Resolution approving various actions related to the refunding of the 1998 Certificates of Participation
- 2) Form of the Preliminary Official Statement
- 3) Professional Services Contract: Capitol Public Finance Group, LLC
- 4) Professional Services Contract: Quint and Thimmig, LLP
- 5) Professional Services Contract: Sidley Austin, LLP

On File with the Clerk of the Board

- 1) Form of the Site and Facility Lease
- 2) Form of the Lease Agreement
- 3) Form of the Memorandum of Lease Agreement
- 4) Form of the Trust Agreement
- 5) Form of the Assignment Agreement
- 6) Form of Notice of Sale
- 7) Form of Notice of Intention
- 8) Form of Termination Agreement
- 9) Form of Continuing Disclosure Certificate
- 10) Form of the Preliminary Official Statement