Memorandum
Office of Jenine Windeshausen
Treasurer-Tax Collector

To: The Board of Supervisors

From: Jenine Windeshausen, Treasurer-Tax Collector

Date: September 13, 2022

Subject: Placer Parkway Phase 1 Debt Financing

Action Requested

1) Receive information on municipal debt financing alternatives for Placer Parkway
2) Adopt a Resolution Declaring the Intention to Reimburse Expenditures with Tax-Exempt Obligations (Placer Parkway).

Background

The prior Board item "Placer Parkway Phase 1 / Funding and Reimbursement Agreement / Tier 2 Funding Commitment Agreement" provided background on the Placer Parkway Phase 1 project and the Funding and Reimbursement Agreement (FARA) with the United Auburn Indian Community (UAIC). Generally, the Phase 1 project is a four-lane road from SR-65 to Foothills Boulevard with related interchanges and bridges.

Financing Alternative 1: The total Phase 1 project cost is $81.9 million. The FARA agreement has three components: non-reimbursable UAIC contributions, reimbursable UAIC Contributions and reimbursable County contributions. Net of reimbursable and non-reimbursable contributions from the UAIC and reimbursements to the County of Tier 2 fees already collected, the County is responsible for all other Phase 1 project costs for an estimated County contribution of $27.26 million. Staff has indicated that while funding had been initially set aside in anticipation of the Phase I project, these funds have been reallocated to other capital projects and are no longer available. Unless other funds become available, the County must issue debt (municipal bonds) in the amount of approximately $27.26 million to cover the County contribution.

All reimbursable contributions, including the County's estimated $27.26 contribution, are to be repaid over the next 15-20 years through the collection of Tier 2 Fees from development projects within the cities of Roseville and Lincoln and the unincorporated area of the County.

Financing Alternative 2: Under the FARA, the County may choose to use funding sources other than the reimbursable contribution made by the UAIC. As indicated above, the UAIC is providing non-reimbursable contributions. The County would need to issue debt (municipal bonds) in the amount of $54.5 million, if the County decides to finance Phase I, net of the UAIC's non-reimbursable contributions. The County may choose this option if municipal debt interest rates reduce the overall financing costs for Phase I.

Financing Alternative 3: This alternative is a hybrid of Alternative 1 and 2. The County may initially finance Parkway under the FARA and then at some point in the future issue debt to refinance the outstanding FARA reimbursable contribution balances if municipal bond market rates make it economically advantageous.

Reimbursement Resolution: The attached resolution allows the County to reimburse itself from bond proceeds for Placer Parkway expenditures for all phases, up to a total of $600 million. Under United States Income Tax Regulations, the County may reimburse itself for project expenditures from proceeds of a future bond issuance if it adopts an official intent to do so. Under these regulations, the County may reimburse itself for expenditures made up to 60 days prior to adoption of the reimbursement resolution, regardless of how far in the future the bond issuance may be. The resolution is non-binding and does not require the County to issue debt, or to reimburse itself if it does issue debt. The resolution covers all phases of Placer Parkway construction, not just Phase I.

Fiscal Impact
The information on municipal debt issuance for Phase I is presented as alternatives, which enable the County to pursue the most economically advantageous course for financing Placer Parkway. As such, there is no fiscal impact until and unless the County pursues one of the alternatives. The resolution is non-binding and does not create any financial obligation on the part of the County.

Before the Board of Supervisors
County of Placer, State of California

In the matter of: Adopt a Resolution Declaring the Intention to Reimburse Expenditures with Tax-Exempt Obligations (Placer Parkway)

Resolution No. _________________

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held September 13, 2022 by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

____
Chair, Board of Supervisors

Attest:

____
Clerk of said Board

WHEREAS, the County of Placer (the "County") proposes to undertake the project referenced below, to cause the execution and delivery of bonds or other securities (the "Obligations") for such project and to use a portion of the proceeds of such Obligations to reimburse expenditures made for the project prior to the delivery or issuance of the Obligations; and

WHEREAS, United States Income Tax Regulations section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, one of which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer declares an intention to reimburse such expenditure; and

WHEREAS, it is in the public interest and for the public benefit that the County declares its official intent to reimburse the expenditures referenced herein.

NOW, THEREFORE, BE IT RESOLVED BY THE PLACER COUNTY BOARD OF SUPERVISORS AS FOLLOWS:

1. Declaration of Financing Intention. The County intends to cause the execution and delivery or the issuance of the Obligations for the purpose of paying the costs of the acquisition and construction of Placer Parkway, a new east-west roadway to link State Route 70/99 in Sutter County to State Route 65 in Placer County (the "Project").

2. Declaration of Intention to Reimburse Expenditures. The County hereby declares that it reasonably expects (i) to pay certain costs of the Project prior to the date of delivery or issuance of the Obligations and (ii) to use a portion of the proceeds of the Obligations for reimbursement of expenditures for the Project that are paid before the date of delivery or issuance of the Obligations

3. Maximum Principal Amount. The maximum principal amount of the Obligations is $600,000,000.

4. Further Action. The County Executive Officer, the Deputy County Executive Officer and the Treasurer-Tax Collector and their designees are hereby authorized and directed to take all actions necessary or advisable to give effect to the transactions contemplated by this Resolution.