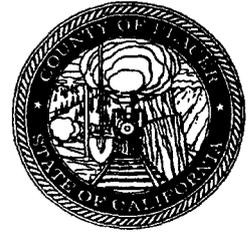


**County of Placer  
Office of Jenine Windeshausen  
Treasurer-Tax Collector**



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**To:** The Board of Supervisors  
**From:** Jenine Windeshausen, Treasurer-Tax Collector  
**Date:** May 9, 2006  
**Subject:** Refunding of 1997 Certificates of Participation (COPs)  
Administration and Emergency Services Building

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**Action Requested:**

1. Approve a resolution approving Forms of Property Lease, Lease Agreement, Trust Agreement, Assignment Agreement, Notice of Sale and Continuing Disclosure Certificate; Authorizing Modifications to Each of the Foregoing and Execution and Delivery Thereof as modified; Approving Form and Distribution of Preliminary Official Statement and Preparation, Execution and Distribution of Final Official Statement to be Derived from the Preliminary Official Statement and Preparation; Authorizing Execution and Delivery to Initial Purchaser of Certificates of Participation (2006 Administrative and Emergency Services Building Refinancing Project); and Authorizing and Directing County Officers to Take all Necessary Actions to Implement the Refinancing Project.
2. Approve a resolution authorizing the Chairman to execute and deliver the Joint Exercise of Powers Agreement for the Placer County Public Financing Authority (PCPFA).
3. Authorize the County Executive Officer to execute a contract with Capitol Public Finance Group, LLC for financial advisory services related to the refunding of the 1997 COPs in an amount not to exceed \$49,500.00.
4. Authorize the County Executive Officer to execute a contract with Orrick, Herrington and Sutcliffe, LLP for bond counsel services related to the refunding of the 1997 COPs in an amount not to exceed \$60,000.00.
5. Authorize the County Executive Officer to execute a contract with Quint and Thimmig, LLP for disclosure counsel services related to the refunding of the 1997 COPs in an amount not to exceed \$25,000.

**Background:**

In March of 1997, the County issued certificates of participation (COPs) in the amount of \$15 million to finance the construction of the Administration and Emergency Services Building. The COPs had a final maturity of June 1, 2024. The current amount outstanding on the COPs is \$12,605,000.

Staff has determined the COPs can be refunded (refinanced) at a net present value savings of approximately \$400,000. 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 Forms of Property Lease, Lease Agreement, Trust Agreement, and Assignment Agreement.

Next, the Board must take action associated with the marketing and sale of the COPs. This includes notice of the sale of the COPs and approval of the form of Continuing Disclosure Certificate, which outlines the covenants of the County to make certain market disclosures on an ongoing basis. The Board approves these documents as to form and therefore the Board must authorize modifications to each of the documents to assure complete and accurate final documents. 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.

To ensure the proper execution of the COP refunding, the Board must authorize and direct County staff to take all necessary actions to implement the Refinancing Project.

The structure of the COPs requires the participation of a third-party Lessor (see Exhibit A, Certificates of Participation Structure). 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 in the past, this JPA requires various meetings with participants from the North Tahoe Public Utility District, which can be logistically challenging to schedule. Therefore, the creation of a new public finance JPA consisting of the County and the Placer County Redevelopment Agency would be advantageous since this arrangement would allow the Board of Supervisors to convene as the public finance authority board to conduct finance related business as needed. The new JPA can be utilized in the future for County issued COPs or Redevelopment Agency debt issues. Your package includes a resolution authorizing the Chairman to execute and deliver the Joint Exercise of Powers Agreement for the Placer County Public Financing Authority (PCPFA).

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 \$465,000, to the County's General Fund or 3.81% 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 \$465,000 in net present value savings through the refunding of the 1997 Certificates of Participation originally issued for the construction of the Administration and Emergency Services building.

**Attachments:**

- 1) Exhibit A, Certificates of Participation Structure
- 2) Resolution approving various actions related to the refunding of the 1997 Certificates of Participation
- 3) Resolution approving the formation of the Placer County Public Finance Authority
- 4) Placer County Public Financing Authority Joint Exercise of Powers Agreement
- 5) Form of the Preliminary Official Statement
- 6) Professional Services Contract: Capitol Public Finance Group, LLC
- 7) Professional Services Contract: Orrick, Herrington and Sutcliffe, LLP
- 8) Professional Services Contract: Quint and Thimmig, LLP

**On File with the Clerk of the Board**

- 1) Form of the Property Lease
- 2) Form of the Lease Agreement
- 3) Form of the Refunding Escrow Agreement
- 4) Form of the Trust Agreement
- 5) Form of the Assignment Agreement
- 6) Form of Notice of Sale
- 7) Form of Continuing Disclosure Certificate
- 8) Form of the Preliminary Official Statement

# Certificates of Participation Structure (Simplified)

COP Principal & Interest Repayment to investors

