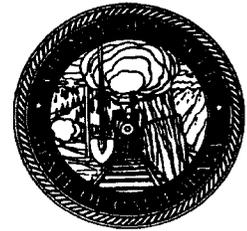


**Memorandum
Office of Jenine Windeshausen
Treasurer-Tax Collector**



To: The Board of Supervisors
From: Jenine Windeshausen, Treasurer-Tax Collector
Date: May 23, 2006
Subject: County Credit Rating Upgrades and Debt Financing Update

Action Requested:

Hear a presentation about the credit rating upgrades that the County has recently received from credit rating agencies Standard & Poor's from AA-/A+ to AA/AA- and from Moody's from Aa2/ A1 to Aa2/Aa3 and receive a briefing on other County financings including the recent Certificate of Participation (COP) and Tobacco Bond sales.

Background:

The last credit rating review for the County was done in 1997 in conjunction with the issuance of COPs for financing the Larry Oddo Finance and Administration Building. The County has recently reviewed its opportunities for refinancing certain outstanding debt for the purpose of saving money for the County and for taxpayers. As a refinancing review County Executive Tom Miller, Auditor-Controller Kathy Martinis and I traveled to San Francisco to give a ratings presentation to representatives of Standard & Poor's and Moody's and to request a rating review in conjunction with the recent COP refinancing and in anticipation of upcoming facilities related financing.

The result of the ratings meetings was an upgrade of the County's "Issuer Credit Rating" by Standard & Poor's from AA- to AA and an upgrade of the County's COP rating by Moody's from A1 to Aa3. The County is the only local government agency in the County with ratings this high. In the Sacramento Region, the City of Sacramento is the County's only rating peer. On a statewide basis, the County is among a handful of County's with ratings in these high categories.

The County's review of outstanding debt indicated that several issues are candidates for refinancing for the purpose of generating savings to the County and to taxpayers. The County's 1997 COPs have been identified for refinancing. The Treasurer will give the results of the refinancing bond sale that was held on May 17th. The County's prior Tobacco Securitization has been also identified for refinancing to obtain additional proceeds for facilities financing. The Treasurer will give the results of the refinancing sale that was scheduled for May 19th. Additionally, the County's Dry Creek Community Facilities District (CFD) and the Placer Corporate Center Assessment District (AD) are the subject of further feasibility study to determine refinancing opportunities.

New debt financing is being considered for various projects and programs. The Placer County Redevelopment Agency is moving forward on financings for each of its three project areas (North Tahoe, North Auburn and Sunset Industrial) as well as for the housing component for each project area. Analysis and update of the Financing Plan for the Facilities Master Plan is underway and an estimated \$30 million in additional COP debt is anticipated to be issued to continue work on various capital facilities projects.

Recommendation:

Hear a presentation from the Treasurer-Tax Collector highlighting the ratings and giving a debt financing update.

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