

**MEMORANDUM**  
**OFFICE OF THE**  
**COUNTY EXECUTIVE**  
**COUNTY OF PLACER**

**TO:** The Honorable Board of Supervisors  
**FROM:** Thomas M. Miller, County Executive Officer  
By Linda Oakman, Administrative Services Manager  
**DATE:** December 14, 2010  
**SUBJECT:** Refunding of 1998 Certificates of Participation for Juvenile Detention Facility and Jail Kitchen to attain a net savings of \$1,150,000

---

**Action Requested:**

Adopt a resolution approving the form of the Site and Facility Lease, the Lease Agreement, the Escrow Deposit and Trust Agreement, the Letter Agreement for Purchase, the Termination Agreement, and authorizing and directing the preparation and execution of other lease financing documents as may be required, 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 to attain a net savings of \$1,150,000.

**Background:**

On June 1, 1998, the County issued \$13,200,000 in Certificates of Participation (1998 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 amount of 1998 COPs to be refunded on or about January 20, 2011 is \$8,945,000. The interest rate on the 1998 COPs is approximately 5.0%.

The interest rate on the refunding is 3.41%. By refinancing the 1998 COPs, the County will generate nominal savings from cash flow of approximately \$1,150,000 through the scheduled maturity date on July 1, 2025. The net present value savings amounts to \$720,000, which is approximately 8.1% of the 1998 COPs to be refunded. All savings are stated net of all expenses. Proceeds of the refinancing will not be spent on new projects. The final maturity date on the refunding lease-purchase will not be extended.

The refunding is structured as a Lease Purchase Agreement with Bank of America. Bank of America provided the County with a responsive and competitive quote in early November. The County was able to lock in the interest rate of 3.41% until December 31, 2010 in order to provide the County with sufficient time to fund the Lease-Purchase.

In order to complete the Lease-Purchase and refund the 1998 COPs, the Board of Supervisors, in concert with the Placer County Public Finance Authority (the Authority), the required third party lessor, must approve certain actions and lease documents as follows:

- 1) Approve the form of the following documents and authorize and direct that the County Executive Officer or their designee execute the documents in final form.
  - a) The Site and Facilities Lease, between the County and the Authority.
  - b) The Lease Agreement between the Authority and the County.
  - c) The Escrow Deposit and Trust Agreement by and among the Authority, the County, and the Bank of New York Trust Company NA.
  - d) Letter Agreement for Purchase
  - e) Termination Agreement by and among the County of Placer and the Bank of New York Mellon Trust Company.

The 1998 COPs were issued with the North Lake Tahoe Public Financing Authority as the third party lessor. Beginning in 2006, the County began using the then newly formed Placer County Public Financing Authority for lease and redevelopment financings.

To properly facilitate the refinancing project various consultants are required. These consultants include Quint & Thimmig, Bond Counsel, and Capitol Public Finance Group, Financial Advisor. Contracts for these professionals were approved on June 24, 2008, when the refunding was first contemplated. Because refundings are executed based on the County's ability to achieve sufficient savings, all costs of issuance are paid when the refinancing is complete. The financing team decided not to refinance the 1998 COPs in 2008 as the expected level of savings did not materialize as planned.

#### **Fiscal Impact:**

After taking into consideration all costs of issuance and the liquidation of the existing debt service reserve, on a nominal basis, net savings are estimated at \$1,150,000. The nominal savings translates into net present value savings of approximately \$720,000, which is approximately 8.1% of the 1998 COPs to be refunded.

#### **Environmental:**

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

#### **Attachments:**

- 1) Resolution approving various actions related to the refunding of the 1998 Certificates of Participation

#### **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 Assignment Agreement
- 5) Form of the Letter Agreement for Purchase
- 6) Form of Final Opinion of Special Counsel
- 7) Form of Redemption Request
- 8) Form of Escrow Deposit and Trust Agreement
- 9) Form of Termination Agreement
- 10) Contract with Quint & Thimmig in the amount of \$50,000 approved in June 2008
- 11) Contract with Capitol Public Financing Group in the amount of \$49,500 approved in June 2008

COUNTY OF PLACER

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE REFUNDING OF THE COUNTY'S 1998 CERTIFICATES OF PARTICIPATION (JUVENILE DETENTION FACILITY AND JAIL KITCHEN REFUNDING), AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO**

RESOLVED, by the Board of Supervisors (the "Board") of the County of Placer (the "County"), as follows:

WHEREAS, the County, working together with the North Lake Tahoe Public Financing Authority (the "North Lake Tahoe Authority"), has heretofore caused the execution and delivery of the \$13,200,000 Certificates of Participation (Juvenile Detention Facility and Jail Kitchen Refunding) (the "1998 Certificates") evidencing direct, undivided fractional interests of the owners thereof in lease payments to be made by the County as the rental for certain property pursuant to a lease agreement with the North Lake Tahoe Authority to (a) finance the acquisition, construction, installation, modernization and equipping of improvements to various County facilities, and (b) provide for the refunding and defeasance of certificates of participation executed and delivered in 1994 to finance the acquisition, construction, installation, modernization and equipping of improvements to various County facilities;

WHEREAS, the 1998 Certificates are currently outstanding in the principal amount of \$8,945,000;

WHEREAS, the County has determined at this time, due to prevailing interest rates in the municipal bond market and for other reasons, to refinance its obligations with respect to the 1998 Certificates;

WHEREAS, it is in the public interest and for the public benefit that the County authorize and direct execution of the Lease Agreement (hereinafter defined) and certain other documents in connection therewith; and

WHEREAS, the documents below specified have been filed with the County and the members of the Board, with the aid of its staff, have reviewed said documents;

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

*Section 1.* The Board hereby approves the refinancing of the 1998 Certificates.

*Section 2.* The below-enumerated documents be and are hereby approved, and the Chair of the Board or the County Executive Officer, or the designee of any such official, is hereby authorized and directed to execute said documents, with such changes, insertions and

omissions as may be approved by such official, the execution thereof to be conclusive evidence of such approval, and the Clerk of the Board is hereby authorized and directed to attest to such official's signature:

(a) a site and facility lease, between the County, as lessor, and Placer County Public Financing Authority (the "Authority"), as lessee (the "Site and Facility Lease"), pursuant to which the County will lease certain existing, unencumbered property to the Authority (the "Property");

(b) a lease agreement, by and between the Authority, as lessor, and the County, as lessee (the "Lease Agreement"), pursuant to which the Authority will lease the Property back to the County, so long as the interest component of the lease payments under the Lease Agreement shall be computed at an interest rate which provides a present value savings to the County as compared to the interest component of the remaining lease payments payable with respect to the 1998 Certificates;

(c) a letter agreement for purchase between Bank of America, N.A. and the County, whereby Bank of America, N.A. agrees to acquire the rights of the Authority to the lease payments to be made by the County under the Lease Agreement and the rights of the Authority under the Site and Facility Lease;

(d) an escrow deposit and trust agreement, by and between the County and The Bank of New York Mellon Trust Company, N.A., as escrow bank, providing for the refunding of the 1998 Certificates; and

(e) a termination agreement, by and between the County and The Bank of New York Mellon Trust Company, N.A., as trustee for the 1998 Certificates and as assignee of the North Lake Tahoe Authority (the "1998 Trustee"), whereby the County and the 1998 Trustee agree to terminate the documents relating to the 1998 Certificates.

*Section 3.* The Chair of the Board, the County Executive Officer, the Clerk of the Board and all other appropriate officials of the County are hereby authorized and directed to execute such other agreements, documents and certificates and to take such other actions as may be necessary to effect the purposes of this resolution and the financing herein authorized.

*Section 4.* This Resolution shall take effect upon its adoption by this Board.

\*\*\*\*\*

PASSED AND ADOPTED by the Board of Supervisors of the County of Placer this 14th day of December, 2010, by the following vote:

AYES:

NOES:

ABSENT:

COUNTY OF PLACER

By \_\_\_\_\_  
Chairperson of the Board of Supervisors

ATTEST:

\_\_\_\_\_  
Clerk of the Board of Supervisors

