

**AGENDA**

**STANISLAUS COUNTY CAPITAL IMPROVEMENTS FINANCING AUTHORITY**

**1010 10<sup>TH</sup> STREET, BASEMENT LEVEL, MODESTO**

**JANUARY 16, 2007**

**6:40 P.M.**

- I. CALL TO ORDER**
- II. APPROVAL OF CONSENT CALENDAR (Those items marked with an \*)**
  - \*A. Election of Officers (Chairman and Vice-Chair)
  - \*B. Approval of Minutes of November 15, 2005
- III. AGENDA ITEMS**
  - A. Approval of the Resolution Authorizing the Issuance of Stanislaus County Refunding Certificates of Participation, Series A of 2007; and Related Agreements for Execution of the Refunding and Professional Services – Chief Executive Office
- IV. PUBLIC FORUM**
- V. ADJOURNMENT**

SITTING AS THE CAPITAL IMPROVEMENT FINANCING AUTHORITY  
THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Board of Supervisors

BOARD AGENDA # 6:40 p.m. - II. \*A.

Urgent

Routine  

AGENDA DATE January 16, 2007

CEO Concurs with Recommendation YES  NO

4/5 Vote Required YES  NO

(Information Attached)

SUBJECT:

Approval of the Stanislaus County Capital Improvements Financing Authority: Election of Officers (Chairman and Vice-Chair)

STAFF RECOMMENDATIONS:

Approve the Stanislaus County Capital Improvements Financing Authority Elect the Chairman of the Board of Supervisors as the Chairman of the Authority and Vice-Chair of the Board of Supervisors as the Vice-Chair of the Authority.

FISCAL IMPACT:

There is no fiscal impact associated with this item.

BOARD ACTION AS FOLLOWS:

No. 2007-36

On motion of Supervisor Mayfield, Seconded by Supervisor DeMartini

and approved by the following vote,

Ayes: Supervisors: Mayfield, Grover, Monteith, DeMartini, and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

ATTEST:   
CHRISTINE FERRARO TALLMAN, Clerk

File No.

**DISCUSSION:**

Pursuant to the by-laws of the Stanislaus County Capital Improvements Financing Authority, it is necessary for the Authority to elect officers for the purpose of exercising all powers and duties of the Authority. It is necessary at this time to elect the following officers: (1) Chairman; and (2) Vice-Chair.

**POLICY ISSUES:**

There is no policy issue associated with this item.

**STAFFING IMPACTS:**

There is no staffing impact associated with this recommendation.

STANISLAUS COUNTY  
CAPITAL IMPROVEMENTS FINANCING AUTHORITY

Regular Session  
Supervisor Simon Absent

Tuesday

November 15, 2005

Called to order at 7:21 p.m.

O'Brien/Mayfield (4-0)(Simon absent) Approved the consent calendar

**6:40pm (\*III-A)** Approved the minutes of 3/2/04

O'Brien/DeMartini (4-0)(Simon absent) **6:40pm (VI-A)** Approved the purchase and sale of tax allocation bonds in the not to exceed amount of \$20,000,000 from the Stanislaus County Redevelopment Agency; and, approved related documents and official actions

Adjourned at 7:23 p.m.

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # 6:40 p.m. - III.A.

Urgent

Routine

AGENDA DATE January 16, 2007

CEO Concurs with Recommendation YES  NO

4/5 Vote Required YES  NO

(Information Attached)

SUBJECT:

Approval of the Resolution Authorizing the Issuance of Stanislaus County Refunding Certificates of Participation, Series A of 2007; and Related Agreements for Execution of the Refunding and Professional Services

STAFF RECOMMENDATIONS:

1. Approval of the Resolution Authorizing the Issuance of Stanislaus County Refunding Certificates of Participation, Series A of 2007; and related agreements for execution of the Refunding.
2. Approve the forms of the Site leases, Lease agreement, Trust agreements, Escrow agreements, Assignment agreement, Continuing Disclosure agreement, Notice of Sale, Termination agreements, and Purchase agreement with respect to the execution and delivery of County of Stanislaus Refunding Certificates of Participation Series A of 2007; authorize the execution and delivery of such Series A certificates evidencing principal in an aggregate amount of not to exceed \$50,000,000; and authorize the execution of necessary documents and certificates and related actions in connection therewith; and  
(Continued on Page 2)

FISCAL IMPACT:

Staff is recommending approval of a resolution authorizing the issuance of approximately \$42.7 million in Certificates of Participation (COPs) to refund the County's existing Series A of 1996 and 1997 Series A Certificates of Participation (collectively, the "2007 Refunding COPs") and to defease and pay-off one year early, the County's 1995 COPs.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2007-37

On motion of Supervisor Mayfield, Seconded by Supervisor Grover

and approved by the following vote,

Ayes: Supervisors: Mayfield, Grover, Monteith, DeMartini, and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

**STAFF RECOMMENDATIONS: (Continued)**

3. Approve the form of the Preliminary Official Statement and authorize approved designated officers of the Stanislaus County Capital Projects Financing Authority to make whatever changes are necessary to deem it final for distribution to prospective purchasers of the certificates and to further authorize delivery of a final official statement to actual purchasers of the certificates.

**FISCAL IMPACT: (Continued)**

The proposed refunding transaction is intended for the primary purpose of economic benefit. Interest rates are relatively low and have provided the opportunity to achieve annual budgetary savings. The refunding transaction is projected to save approximately \$190,000-\$230,000 per year. Budgetary savings begin in fiscal year 2007-2008 and extend through fiscal year 2017-2018. Current market conditions produce approximately \$2,250,000 of total nominal savings, or about \$1,740,000 of present value savings after all costs of issuance. This translates into about 3.80% present value savings, measured against the total par amount of the COPs being refunded. The exact amount of savings will depend upon market conditions on the day of sale. The resolution includes a minimum savings target of 2.80%.

The proposed refunding will simplify the County's overall debt program by consolidating transactions and allowing for the release of key assets. The proposed refunding plan does not extend the term of the series being refunded.

The total costs of issuance is currently estimated to be approximately \$300,000 for the professional services of Bond Counsel, Disclosure Counsel, Financial Advisor, Rating Agency, Trustee, Escrow Agent, Verification Agent, and Title Insurer. Underwriter's discount and the cost of bond insurance are not included in the cost of issuance estimate. Most of the costs of issuance are contingent upon the successful closing of the bonds and will be paid for from bond proceeds. Moreover, all above referenced savings numbers are net of and fully account for all costs of issuance.

**DISCUSSION:**

*Purpose of the Refunding and Release of Assets:* The 2007 Refunding will save the County approximately \$190,000 - \$230,000 per year in annual base debt payments and release several assets to the County. There are several assets currently securing the 1995 COPs, 1996A COPs and 1997A COPs that will be released to the County once the escrow accounts are established. The Minimum Security Housing Unit, the Sheriff's Operational Center, 10 acres of land at the Probation Administration facility, the Public Safety Center Main Jail, the Agricultural Center and the Ray Simon Criminal Justice Training Center will no longer secure outstanding Certificates of Participation.

The 1995 COPs (\$13,755,000) were originally issued to advance refund a portion of the \$70.0 million Series 1989 COPs. The 1989 COPs were used to acquire and construct public safety facilities and social service facilities. The 1996 COPs (\$55,920,000) were originally

**DISCUSSION: (Continued)**

issued to refund a part of Series 1989 COPs. The 1997 COPs (\$12,035,000) were issued to construct the Agricultural Center and the Ray Simon Criminal Justice Training Center.

Interest Rate Mode and Structure of the Financing: The financing will be structured in the form of fixed rate Certificates. Interest on the COPs will be exempt from Federal and State of California income taxes. Pods A, B and C of the Community Services Facility are the only assets that will be pledged for the 2007 Refunding. The Community Services Facility was built in late 1994 and has a remaining economic life of 40 years. Pods A, B and C were appraised at a market value of \$45.0 million by an independent MAI appraiser on December 15, 2006.

Size: The total par amount of the financing is estimated at approximately \$42.7 million, consisting of one Series of COPs. The amount of Certificates issued will include the costs associated with this transaction. The single series will generate enough funds, after costs of issuance, to fully fund the escrows required for a legal defeasance of the 1996A COPs and the 1997A COPs. The General Fund will be committed to make all principal and interest payments under the COPs. Those funds are currently budgeted in the County Debt Service budget.

Maturity: The final maturity on the COP is expected to be eleven years, matching the final maturity of the existing 1996A COPs.

Financing Plan: The COPs will be structured with no debt service due from the County during the current 2006-2007 fiscal year. However, the County will pay into the refunding the debt service amounts previously budgeted in the 2006-2007 fiscal year for the 1995, 1996A and 1997A COPs. The first interest payment will be November 1, 2007, with principal payments annually beginning on May 1, 2008. This structure matches the existing debt service schedule of the 1996A COPs and 1997A COPs. The COPs will be structured with a final maturity of May 1, 2018.

Under this financing plan, the 1995, 1996A and 1997A COPs will be fully defeased, terminating all County obligations with regard to the original COPs and allowing for the release of the leased assets. Under the proposed refunding plan, funds already budgeted for the May 1, 2007 payment will be deposited in escrow, along with the liquidated reserve funds. These monies will be sufficient to defease the 1995, 1996A and 1997A COPs.

**DISCUSSION: (Continued)**

A summary of the estimated financing terms is summarized in the table below.

**Stanislaus County 2007 Refunding  
Estimated Market Conditions as of early January 2007**

<b>Combined Refunding 1996A and 1997A</b>	
Dated Date	2/15/2007
Final Maturity	5/1/2018
True Interest Cost <sup>1</sup>	3.81%
Refunding Par Amount	\$42,685,000
Refunded Par Amount	\$45,905,000
Call Status <sup>2</sup>	96A: Current (5/1/07 @ 101.0) 97A: Current (5/1/07 @ 101.0)
<b>Sources of Funds</b>	
Refunding Par Amount	\$42,685,000
Prior Reserve Fund Sources	5,344,414
Interest Accrued in Reserve Funds <sup>3</sup>	145,638
County Contribution	4,001,393
Total Sources:	\$52,176,445
<b>Uses of Funds</b>	
Deposit to Escrow Funds	\$47,065,941
Reserve Fund Deposit	4,268,500
Cost of Issuance <sup>4</sup>	578,066
Bond Insurance	263,938
Total Uses:	\$52,176,445

<sup>1</sup> Market rates for insured California COP issue as of January 5, 2007.

<sup>2</sup> The existing 96A and 97A bonds are callable on any interest payment date. The first call date for the 1996A issue was 5/1/06 @ 102.

The 1997A issue is first callable on a current basis on 5/1/07 @ 101.

<sup>3</sup> Includes interest accrued to February 9, 2007 from the 1995, 1996A and 1997A COP Reserve Fund accounts.

<sup>4</sup> Includes underwriters' discount, assumed at \$6.50 per \$1,000 bond.

**Method of Sale:** The County is proposing proceeding with a competitive method of sale, where underwriters are invited to submit interest rate bids during a set time on a pre-determined date. The underwriter that submits the lowest true interest cost bid wins the right to purchase the bonds from the County, assuming the minimum savings target is achieved. In the event that interest rates move adversely between this Board meeting date and the proposed date of competitive pricing, staff may, based on the recommendations of the County's Financial Advisor, elect to sell the 2007 Refunding COPs by way of a negotiated sale process to ensure that the minimum savings threshold is met.

**DISCUSSION: (Continued)**

*Ratings and Credit Enhancement:* The County will be pursuing a rating on the COPs from Standard & Poor's. The COPs will also most likely carry 'AAA' ratings, resulting from the purchase of bond insurance from a major municipal bond insurer. The bond insurance premium will be calculated in terms of a percentage of the total debt service. The bond insurer will be selected through a competitive bid process, whereby the insurer who submits the lowest basis point bid will be awarded the right to insure the 2007 Refunding COPs.

Staff is requesting authorization for the Chief Executive Officer to negotiate and execute agreements for professional services related to this refunding. An informal solicitation of bids was conducted by the County Financial Advisor, for Bond Counsel, Disclosure Counsel, Trustee and Escrow Agent services and on average two to three proposals were received and County Staff made the final selections.

On November 6, 2006, the Debt Advisory Committee approved staff to proceed in completing the necessary work for your Board of Supervisor's approval of the Refunding.

**POLICY ISSUES:**

Approval of the staff recommendations will result in the refunding of the County's existing Series A of 1996 and 1997 Series A Certificates of Participation (collectively, the "2007 Refunding COPs") and to defease and pay-off one year early the County's 1995 COPs.

**STAFFING IMPACTS:**

Debt Advisory Committee members include the Auditor-Controller, Treasurer, the County Counsel's Office, Public Works Director, Planning Director and Chief Executive Officer. Existing staff will continue to work on the 2007 Refunding, no additional staffing impact is anticipated.

ATTACHMENTS AVAILABLE  
FROM YOUR CLERK

RESOLUTION NO. 2007-01

A RESOLUTION OF THE STANISLAUS COUNTY CAPITAL IMPROVEMENTS FINANCING AUTHORITY AUTHORIZING THE PREPARATION, SALE AND DELIVERY OF NOT TO EXCEED \$50,000,000 PRINCIPAL AMOUNT OF REFUNDING CERTIFICATES OF PARTICIPATION SERIES A OF 2007 AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Stanislaus County Capital Improvements Financing Authority is a joint powers authority organized and existing under the laws of the State of California (the "Authority") with the authority to assist in the financing of capital facilities on behalf of the County of Stanislaus, a body corporate and politic of the State of California (the "County"); and

WHEREAS, the Authority has assisted the County in financing various capital facilities through the execution and delivery of the \$55,920,000 Refunding Certificates of Participation (Capital Improvement Program) Series A of 1996 (the "1996 Certificates") and the \$12,035,000 Certificates of Participation 1997 Series A (Capital Facilities Projects) (the "1997 Certificates"); and

WHEREAS, the County now desires to refund the \$37,560,000 of the 1996 Certificates that remain outstanding and the \$8,345,000 of the 1997 Certificates that remain outstanding (such outstanding portion is referred to herein as the "Prior Certificates") through the execution and delivery of the Certificates (as defined herein) and the entering into by the County of an Escrow Agreement for the 1996 Certificates to be refunded (the "1996 Escrow Agreement") and an Escrow Agreement for the 1997 Certificates to be refunded (the "1997 Escrow Agreement"), each to be dated as of the first day of the month in which the Certificates are executed and delivered, by and between the County and U.S. Bank National Association (the "Escrow Agent"), the form of which has been presented to this Authority at the meeting at which this Resolution has been adopted (the 1996 Escrow Agreement and the 1997 Escrow Agreement are collectively referred to as the "Escrow Agreement").

WHEREAS, in order to accomplish the refunding of the Prior Certificates, the County and the Authority further desire to enter into that certain Site Lease, by and between the County and the Authority (the "Site Lease"), and that certain Lease Agreement, by and between the County and the Authority (the "Lease Agreement") each to be dated as of the first day of the month in which the Certificates are executed and delivered, the forms of which have been presented to the Authority at the meeting at which this Resolution has been adopted, pursuant to which Site Lease the Authority will agree to lease from the County certain real property and improvements to be designated by the County and pursuant to which Lease Agreement the County will agree to lease back such real property and improvements from the Authority and to pay certain lease payments in connection therewith which will be assigned by the Authority as security for the repayment of the \$50,000,000 Refunding Certificates of Participation Series A of 2007 (the "Certificates") to be executed and delivered pursuant to a Trust Agreement, to be dated as of the first day of the month in which the Certificates are executed and delivered, by and among The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), the County and the Authority (the "Trust Agreement"), the form of which has been presented to the Authority at the meeting at which this Resolution has been adopted; and

WHEREAS, the Authority and the County have determined that it would be in the best interests of the Authority, the County and the residents of the County to authorize the preparation, sale and delivery of the Certificates in an aggregate principal amount not to exceed \$50,000,000, which Certificates evidence proportionate interests in certain rights under the Lease Agreement, including the right to receive certain lease payments to be made by the County thereunder; and

WHEREAS, the Authority desires to assign certain of its rights under the Site Lease and the Lease Agreement, including the right to receive such lease payments from the County, to the Trustee pursuant to an Assignment Agreement to be dated as of the first day of the month in which the Assignment Agreement is executed by the parties thereto, between the Authority and the Trustee (the "Assignment Agreement"), the form of which has been presented to the Authority for approval; and

WHEREAS, there has been presented to the Authority for approval the form of a Purchase Contract (the "Purchase Contract"), to be entered into by the County and the entity which offers to purchase the Certificates (the "Purchaser") in the event that the County elects to sell the Certificates on a negotiated basis, pursuant to which the Purchaser will agree to buy the Certificates on the terms and conditions set forth therein, and the form of an Official Notice of Sale (the "Official Notice of Sale") pursuant to which the Certificates will be sold in the event that the County elects to sell the Certificates on a competitive basis; and

WHEREAS, there has been presented to the Authority for approval the form of a Preliminary Official Statement to be delivered to prospective purchasers of the Certificates;

NOW, THEREFORE, the Stanislaus County Capital Improvements Financing Authority does hereby resolve as follows:

Section 1. Each of the foregoing recitals is true and correct.

Section 2. The Authority hereby authorizes the preparation, sale and delivery of the Certificates in an aggregate amount of not to exceed \$50,000,000 in accordance with the terms and provisions of the Trust Agreement. The purposes for which the proceeds of the Certificates shall be expended are to refund the Prior Certificates and to provide for a reserve fund, if required, and for payment of the costs of the sale and delivery of the Certificates. To the extent determined appropriate by the County, the Certificates may be executed and delivered in one or more series with the appropriate modifications being made to the documents approved herein to effect such a financing plan.

Section 3. The Authority hereby approves the appointment by the County of The Bank of New York Trust Company, N.A. to act as Trustee on behalf of the owners of the Certificates, with the duties and powers of such Trustee as set forth in the Trust Agreement.

Section 4. The Authority hereby approves the appointment by the County of U.S. Bank National Association, as the Escrow Agent, with the duties and powers of the Escrow Agent as set forth in the Escrow Agreements.

Section 5. The forms of the Escrow Agreements, the Site Lease, the Lease Agreement, the Trust Agreement and the Assignment Agreement presented at this meeting are hereby approved. The Chairman, the Executive Director, the Treasurer, and their written designees (the "Authorized

Officers”), are hereby authorized to execute, acknowledge and deliver any and all documents required to consummate the transactions contemplated by the Site Lease, the Lease Agreement, the Trust Agreement and the Assignment Agreement. The Authorized Officers are hereby authorized for and in the name of the Authority to execute and deliver the Site Lease, the Lease Agreement, the Trust Agreement and the Assignment Agreement in substantially the forms hereby approved, with such additions thereto and changes therein as are recommended or approved by Stradling, Yocca, Carlson & Rauth, as Special Counsel to the County (“Special Counsel”), and County Counsel and approved by such officers, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The form of the Certificates as set forth in the Trust Agreement (as the Trust Agreement may be modified pursuant to the preceding section hereof) is hereby approved.

Section 7. The form of the Purchase Contract presented at this meeting is hereby approved, and the sale of the Certificates pursuant thereto is hereby consented to by the Authority; provided that the aggregate principal amount of the Certificates does not exceed \$50,000,000, a minimum present value savings of 2.80% of the debt service payments due with respect to the Prior Certificates is achieved (as set forth in writing by the County’s Financial Advisor and/or the Purchaser) and the discount paid to the Purchaser (exclusive of original issue discount and any bond insurance premium) with respect to the Certificates does not exceed 2.0% of the aggregate principal amount of the Certificates. Each of the Authorized Officers is authorized to execute the Letter of Representations attached as Exhibit A to the Purchase Contract in substantially the form hereby approved, together with such additions thereto and changes therein as are recommended or approved by Special Counsel and County Counsel and approved by such officers, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The form of the Official Notice of Sale relating to the Certificates presented at this meeting is hereby approved and the sale of the Certificates pursuant thereto is hereby consented to by the Authority, provided that (a) the principal amount of the Certificates does not exceed \$50,000,000, and (b) a minimum present value savings of 2.80% of the debt service payments due with respect to the Prior Certificates is achieved (as calculated by the County’s Financial Advisor).

Section 9. The Authority consents to the preparation and distribution by the County of a Preliminary Official Statement to prospective purchasers of the Certificates in the form deemed final by the County for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to the preparation of a final Official Statement in substantially the form of the Preliminary Official Statement, with such additions thereto and changes therein as are recommended or approved by Special Counsel to the County, Hawkins, Delafield & Wood, as Disclosure Counsel to the County, or County Counsel, and approved by the officer or officers executing the same on behalf of the County.

Section 10. The Chairman, Secretary and other officers of the Authority are hereby authorized, jointly and severally, to do any and all things and to execute and deliver any and all documents (including agreements terminating any of the documents executed with respect to the Prior Certificates and the Refunding Certificates of Participation (Capital Improvement Program) Series 1995) which they may deem necessary and advisable in order to consummate the sale and delivery of the Certificates and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified.

Section 11. In the event the Chairman is unavailable or unable to execute and deliver any of the above-referenced documents, any other member of the Board of the Authority may validly execute and deliver such documents, and any documents required to be signed by the Secretary may be signed by any deputy secretary.

Section 12. This Resolution shall take effect from and after its date of adoption.

ADOPTED, SIGNED AND APPROVED THIS 16<sup>th</sup> day of January, 2007.

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Chairman, Stanislaus County Capital  
Improvements Financing Authority

ATTEST

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Secretary, Stanislaus County  
Capital Improvements Financing Authority

STATE OF CALIFORNIA    )  
  )  
COUNTY OF STANISLAUS )

I Christine Ferraro, Secretary of the Governing Board of the Stanislaus County Capital Improvements Financing Authority, do hereby certify that the above and foregoing Resolution was duly and regularly adopted by the Board of Directors of said Authority at a special meeting held on the 16<sup>th</sup> day of January, 2007, and that it was so adopted by the following vote:

AYES: Mayfield, Grover, Monteith, DeMartini, and Chairman O'Brien

NOES: None

ABSENT: None

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16<sup>th</sup> day of January, 2007.

  
Secretary, Stanislaus County Capital  
Improvements Financing Authority