

**COUNTY OF SONOMA
AGENDA ITEM
SUMMARY REPORT**

Clerk of the Board Use Only

Meeting Date

Held Until

/ /

/ /

Agenda Item No:

Agenda Item No:

Department: County Counsel

() **4/5 Vote Required**

Contact:

Kathleen Larocque

Phone:

(707) 565-2421

Board Date:

May 12, 2009

Deadline for Board Action:

AGENDA SHORT TITLE:

Validation Action: Sonoma County Energy Independence Program Bonds

REQUESTED BOARD ACTION:

Adopt resolution of the Governing Board of the Sonoma County Public Financing Authority Authorizing Judicial Validation Proceedings Relating to the Issuance and Sale of Contractual Assessment Revenue Bonds and Approving Additional Actions Related Thereto.

CURRENT FISCAL YEAR FINANCIAL IMPACT

EXPENDITURES

Estimated Cost \$

Amount Budgeted \$

Other Avail Approp. \$
(Explain below)

Additional Requested: \$

Explanation (if required):

ADD'L FUNDS REQUIRING BOARD

Contingencies \$
(Fund Name:)

Unanticipated Revenue \$
(Source:)

Other Transfer(s) \$
(Source:)

Add'l Funds Requested: \$

Prior Board Action(s): 7/8/08 - Establishment of the Regional Climate Protection Coordination Plan; 9/16/08 - Direction to explore a potential AB 811 program; 2/3/09 - AB 811 Feasibility Workshop; 3/3/09 - Adoption of the AB 811 Resolution of Intention; 3/24/09 - AB 811 Public Hearing; 3/25/09 - Adoption of the Sonoma County Energy Independence Program; 4/21/09: Sonoma County Public Financing Authority authorized issuance of bonds to fund SCEIP.

Alternatives - Results of Non-Approval: Any issues regarding the validity of the bonds would remain unresolved.

Background:

Under state law, a public entity that issues bonds has a mechanism to file a “validation action” to prevent later challenges to those bonds. The public entity files a complaint in the local superior court; and notice of the action is published so that all members of the public are informed of the action. The public entity files a brief in support of its position that the bonds were lawfully authorized and issued. If there is no response to the action, a default judgment is entered. Whether or not a response is filed, the court will conduct a hearing to determine whether the public entity is entitled to judgment in its favor. A typical validation action takes approximately four months to complete.

Bond counsel has recommended filing a validation action for the bonds authorized by the resolution of the Sonoma County Public Finance Authority to fund the Sonoma County Energy Independence Program (SCEIP). A judgment validating the bonds will assist the County later on at the point the County would like to re-market the bonds to raise additional funds for the Program. Because AB 811, the law under which SCEIP was formed, is new, and the concept of bonds secured by contractual assessments is new, we concur with bond counsel’s judgment that a validation action will greatly enhance the marketability of bonds secured by these assessments.

Attachments: Resolution

On File With Clerk:

CLERK OF THE BOARD USE ONLY

Board Action (If other than "Requested")

Vote: