

**COUNTY OF SONOMA  
AGENDA ITEM  
SUMMARY REPORT**

**Clerk of the Board Use Only**  
Meeting Date  
\_\_\_\_/\_\_\_\_/\_\_\_\_  
Agenda Item No:  
\_\_\_\_\_

Department: Auditor-Controller/Treasurer-Tax Collector

( ) 4/5 Vote Required

Contact:  
Cathy Patton

Phone:  
(707) 565-2073

Board Date:  
10/06/09

Deadline for Board Action:  
10/06/09

**AGENDA SHORT TITLE:**

Sonoma County 2009-2010 Tax and Revenue Anticipation Notes

**REQUESTED BOARD ACTION:**

Approval of Resolution authorizing the issuance and sale of 2009-2010 Tax and Revenue Anticipation Notes in an amount not to exceed \$140,000,000 and authorizing the execution and delivery of the Notice of Intention to Sell Notes, the Official Notice Inviting Bids and preparation of an official statement and execution of agreements for financial advisor and bond counsel in connection therewith.

**CURRENT FISCAL YEAR FINANCIAL IMPACT**

**EXPENDITURES**

**ADD'L FUNDS REQUIRING BOARD APPROVAL**

Estimated Cost

\$

Contingencies

\$

(Fund Name: )

Amount Budgeted

\$

Unanticipated Revenue

\$

(Source: )

Other Avail Approp

\$

Other Transfer(s)

\$

(Explain below)

(Source: )

Additional Requested:

\$

Add'l Funds Requested:

\$

**Explanation (if required):**

**Prior Board Action(s):** For many years, the County has annually issued Tax and Revenue Anticipation Notes, and has authorized Interfund borrowing.

**Alternatives - Results of Non-Approval:** The County will have to consider other alternatives for cash flow borrowing.

**Background:**

The Auditor-Controller of the County of Sonoma has determined that the County will experience a cumulative cash flow deficit during the 2009-2010 Fiscal Year. This is a normal occurrence in the course of operations for the majority of governmental agencies. The cash flow deficit is expected to occur as a result of County expenditures exceeding available funds until such time as certain revenues of the County are available. California Government Code allows counties to borrow money by issuance of short term notes to remedy this situation.

The Auditor-Controller has projected that the cumulative short-term cash flow deficit during the 2009-2010 Fiscal Year will not exceed \$140,000,000. The County of Sonoma is considering issuing this debt in order to lower its interest cost. By issuing the debt at an estimated rate of approximately .50%, the County would save approximately \$100,000 (after costs of issuance) compared to the Treasury Pool rate. If the County borrowed from the Treasury Pool, which is another alternative, the estimated rate would be approximately 0.75%. The County issues the notes using a competitive bid process which insures the County will pay the most competitive interest rate available.

Staff is requesting approval to issue and sell notes. However, due to the current fluctuating nature of the financial markets, once the bids are received the ACTTC will evaluate whether executing the issuance will result in the most beneficial business decision for the county.

This Resolution also authorizes the Auditor-Controller/Treasurer-Tax Collector to execute the contract with Fulbright & Jaworski, LLP (Bond/Disclosure Counsel) and Kelling, Northcross and Nobriga ("KNN") (Financial Advisor) after review and approval of County Council. Fulbright & Jaworski, in their role as Bond/Disclosure Counsel, and in conjunction with County Counsel prepares all legal documents relating to the issuance of the note, tax analysis of cashflows, and participates in the bidding process. KNN as Financial Advisor, assists the County in evaluating the cost effectiveness of the financing, assists in securing a rating, as well as monitoring market conditions to make recommendations regarding timing and method of sale.

Documents were prepared by Victor Hsu of Fulbright & Jaworski L.L.P.

**Attachments:** Resolution of the Board of Supervisors, County of Sonoma

**On File With Clerk:** 1) Preliminary Official Statement; 2) Notice of Intention to Sell Notes; 3) Official Notice Inviting Bids; 4) Continuing Disclosure Certificate; 5) Agreement for Legal Representation of the County of Sonoma; 6) Kelling, Northcross & Nobriga Agreement for Services

**CLERK OF THE BOARD USE ONLY**

**Board Action** (If other than "Requested")

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**Vote:**