SANTA CRUZ COUNTY
BOARD OF SUPERVISORS INDEX SHEET

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Resolution(s):

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Item: 14. AUTHORIZED the Auditor-Controller and County Administrative Officer to proceed with necessary actions to secure the 2006/2007 Tax and Revenue Anticipation Notes in an estimated amount of $55 million and report back during Budget Hearings, as recommended by the Auditor-Controller

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County of Santa Cruz

AUDITOR-CONTROLLER'S OFFICE
701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 95060-4073
(831) 454-2500 FAX (831) 454-2660

MARY JO WALKER, AUDITOR-CONTROLLER
Pam Silbaugh, Accounting Manager
Kathleen Hammons, Budget and Tax Manager
Edith Driscoll, Audit and Systems Manager

APPROVED AND FILED
BOARD OF SUPERVISORS
DATE: May 16, 2006
COUNTY OF SANTA CRUZ
SUSAN A. MAURIELLO
EX-OFFICIO CLERK OF THE BOARD
BY Sharon Mitchell DEPUTY

May 3,2006

AGENDA: May 16,2006

Honorable Board of Supervisors
701 Ocean Street
Santa Cruz, CA 95060

Subject: 2006-2007 Tax and Revenue Anticipation Notes

For the 2006-2007 fiscal year we recommend that your Board authorize the issuance of a twelve-month Tax and Revenue Anticipation Notes (TRAN).

A $55 million TRAN is being estimated, increased from $50 million in the current fiscal year. This issue is necessary to provide adequate working capital to pay claims of the County and Special Districts with funds on deposit in the Treasury of the County. The TRAN is required to address timing difference or lag time between cash disbursements, which generally occur evenly throughout the year, and revenue receipts such as property taxes and State and Federal reimbursements, which are cyclical in nature.

The 2006-2007 TRAN will continue to combine the County TRAN note with the Teeter TRAN note to save issuance costs. The Teeter Note is necessary to provide working capital during periods of minimal cash resulting from the County's Teeter plan, which allows counties to distribute taxes to cities and special districts based on their calculated share of the property taxes roll. This allows cities and counties to rely on a definite amount of property tax revenue, with the county absorbing the risk of delinquencies along with retaining the late penalties and delinquent assessments.

The Auditor-Controller's Office has been working with the County Administrative Office to develop the necessary documentation including revenue, expenditure and cash flow projections for fiscal year 2006-2007 and estimated actual data for fiscal year 2005-2006. For the 2006-2007 fiscal year, we are recommending that the County of Santa Cruz retain bond counsel of Rutan and Tucker and the financial advisor Harrell & Company, Advisors, LLC.

The estimated cost of issuance is $58,100, which includes expenses for: Bond Counsel ($16,000), Disclosure Counsel ($7,500), Financial Advisor ($9,000), Rating Fees – S&P ($13,000), Rating Fees – Moody's ($7,900), and Printing ($2,000), Publish Notice of Sale ($1,200), and Parity Bid Platform ($1,500).

It is therefore recommended that your Board of Supervisors authorize the Auditor-Controller and County Administrative Officer to proceed with necessary actions to secure the 2006-2007 Tax and Revenue Anticipation Notes in an estimated amount of $55 million and report back during Budget Hearings.

Sincerely yours,

Mary Jo Walker
Auditor-Controller

RECOMMENDED:

Susan A. Mauriello
County Administrative Officer

cc: County Counsel