



Monterey County

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Board Report

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Receive a report from the County Debt Manager regarding the Certificates of Participation issuance for the 2015 Public Facilities Financing.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Receive a report from the County Debt Manager regarding the Certificates of Participation issuance for the 2015 Public Facilities Financing.

SUMMARY:

Pursuant to the resolution adopted by this board on July 28, 2015, the County Debt Manager worked with Barclays (the "Underwriter") and Orrick, Herrington and Sutcliffe, LLP (the "Bond Counsel") to structure the most efficient financing of the tenant improvements at Schilling Place and the renovation of the East and West Wings (totaling \$16,000,000 and \$36,000,000 respectively). Bonds were priced on August 18 resulting in net proceeds of \$52,000,000 to be received by the County on September 2, 2015.

DISCUSSION:

As disclosed in the presentation to the board, Standard and Poors ("S&P") rejected the Probation Youth Center due to failure of that property to meet their minimum earthquake standards. The two primary structures at the Agriculture Commissioner Complex (1428 and 1432 Abbott Street) were substituted for the Probation Youth Center and approved by both S&P and Bond Counsel. Upon occupancy of both 1441 Schilling Place and the East and West Wings, the Information Technology building on Moffett, the Probation Headquarters on East Alisal St., the Behavioral Health building on 12th street in Marina, and the Ag Commissioner Complex will be released. That will leave only the Schilling Complex and the East and West Wings pledged toward this borrowing.

Ratings reviews were conducted with S&P and Fitch Ratings on July 20 at their respective offices in San Francisco. Due to the lack of a reserve fund being incorporated in the issue amount, the County did not receive the anticipated ratings upgrade, but did receive affirmation of the current long term rating from S&P of "AA" with a stable outlook and "AA-" with stable outlook from Fitch.

Bonds were structured with the par value being \$48,440,000 which garnered \$3,970,464.40 in premiums. Issuance costs totaled \$410,464.40 resulting in net proceeds to the County of \$52,000,000. Proceeds will be received September 2. This structure lowered the initial interest payment due April 1, 2016 from the estimated \$1,500,000 to \$1,270,861.51 and lowered maximum annual debt service from the estimated \$3,300,000 to \$2,930,786.76, a savings of

\$11,158,550.57 over the 30 year term. This was accomplished without the need for capitalized interest or a reserve fund.

OTHER AGENCY INVOLVEMENT:

County Counsel and the County Administrative Office reviewed the contents of this report.

FINANCING:

There is no fiscal impact to the County as a result of this report.

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Attachments:

Final Closing Number Report