

J. Matthew Carroll
Assistant County Executive Officer

Paul Derse
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Kelly Shirk
Director Human Resources

December 11, 2012

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

SUBJECT: Resolution of the Board of Supervisors of the County of Ventura Authorizing and Approving the Execution and Delivery of a Reimbursement Agreement and a Fee Letter for a Letter of Credit for the County's Tax Exempt Commercial Paper Program and Other Matters Related Thereto

RECOMMENDATION:

1. Adopt the attached resolution of the Board of Supervisors of the County of Ventura authorizing and approving the execution and delivery of a Reimbursement Agreement and Fee Letter for a Letter of Credit for the County's Tax exempt Commercial Paper program and other matters related thereto.
2. Authorize the following expenditures relating to the Commercial Paper Program, estimated as follows:
 - A. Fulbright & Jaworski – Bond Counsel - \$50,000 for legal services
 - B. Fieldman, Rolapp and Associates – Financial Advisor - \$35,000
 - C. Other County Expenses - \$75,000 including, but not limited to Bank Counsel and rating agencies' fees.

FISCAL IMPACT:

Mandatory:	No
Source of funding:	General Fund
Impact on other departments:	Auditor-Controller, County Counsel

SUMMARY OF REVENUE & TOTAL COSTS:

The annual fee for the Letter of Credit (LOC) is projected at approximately \$200,000.

DISCUSSION:

The County has maintained a Tax Exempt Commercial Paper (TECP) program since 1998 to provide flexible financing for various capital projects. In addition, the County maintains an LOC to provide credit support and market liquidity for TECP notes outstanding. The current agreement with the Bank of Nova Scotia (Scotiabank) to provide a letter of credit (LOC) for the County's tax-exempt commercial paper (TECP) program expires January 8, 2013. Due to a change in strategic direction, Soctiabank has indicated it will no longer be pursuing the public finance business and will not be renewing the LOC beyond the expiration date. Therefore it became necessary to search for a new LOC bank.

In October, an RFP was issued for a new LOC provider. After a review of the proposals submitted, based on pricing comparables and other factors, Wells Fargo Bank was selected as the Letter of Credit Facility. The Letter of Credit Agreement is for an initial period of two years ending January 4, 2015 at a flat rate of 40 basis points (0.40%) with an option for a one-year extension. The fee rate is dependent on the ratings assigned by Moody's and Standard and Poor's (S&P) to the County's long-term debt. The 40 basis points fee is applicable to the County's current assigned rating. The fee rate is subject to increases in the event of a downgrade of the County's credit rating.

The attached resolution and related documents provide the necessary legal compliance for the execution and delivery of the LOC. In summary, the resolution:

1. Approves the form of the Reimbursement Agreement for the Letter of Credit (Exhibit A);
2. Approves the form of the Fee Letter (Exhibit B);
3. Authorizes non-substantive revisions to the Reimbursement Agreement and Fee Letter, as needed, prior to execution.

This letter has been reviewed by the Auditor-Controller's Office and County Counsel. If you have any questions, please feel free to contact me at 662-6792.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul Derse".

PAUL DERSE
Chief Financial Officer

A handwritten signature in blue ink, appearing to read "Michael Powers".

MICHAEL POWERS
County Executive Officer

Attachments: Resolution
 Exhibit A – Reimbursement Agreement
 Exhibit B – Fee Letter