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Director Human Resources

December 11, 2012

Board of Directors  
Ventura County Public Financing Authority  
County of Ventura  
800 South Victoria Avenue  
Ventura, CA 93009

**SUBJECT: Resolution of the Board of Directors of Ventura County Public Financing Authority Authorizing and Approving the Execution and Delivery of a Reimbursement Agreement and a Fee Letter, and the Preparation of an Offering Memorandum for a Letter of Credit for the County's Tax Exempt Commercial Paper Program and Other Matters Related Thereto**

**RECOMMENDATION:**

Adopt the attached resolution of the Board of Directors of the Ventura County Public Financing Authority authorizing and approving the execution and delivery of a Reimbursement Agreement, a Fee Letter and the preparation of an Offering Memorandum for a Letter of Credit for the County's Tax Exempt Commercial Paper program and other matters related thereto.

**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, Scotiabank 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. Approves the form of Offering Memorandum (Exhibit C); and
4. Authorizes non-substantive revisions to the Reimbursement Agreement, Fee Letter and Offering Memorandum, 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,



PAUL DERSE  
Chief Financial Officer



MICHAEL POWERS  
County Executive Officer

Attachments:      Resolution  
                         Exhibit A – Reimbursement Agreement  
                         Exhibit B – Fee Letter  
                         Exhibit C – Offering Memorandum