



County of El Dorado

OFFICE OF AUDITOR-CONTROLLER

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JOE HARN, CPA
Auditor-Controller

BOB TOSCANO
Assistant Auditor-Controller

May 8, 2009

**Board of Supervisors
County of El Dorado
330 Fair Lane
Placerville, California 95667**

SUBJECT: 2009 TRAN

Dear Board Members:

RECOMMENDATION:

- 1. Authorize Auditor-Controller and CAO to submit final program application for the 2009 California State-wide Pooled Tax and Revenue Anticipation Notes (TRAN) Program.**
- 2. Adopt the "local agency resolution" that is on file with the Board Clerk (this resolution will authorize the County's participation in the 2009 TRANS Program).**
- 3. Direct the Treasurer to invest the proceeds of the TRAN in a separate and distinct pool and that the investments be in conformance in all respects, with the El Dorado County's Investment Policy.**

REASON FOR RECOMMENDATION:

Because of uncertainties regarding the County's 2009-2010 cash flows, it is recommended at this time that your Board authorize participation in the California State-wide Pooled TRAns Program. Your adoption of the attached resolution will authorize the Auditor-Controller and the CAO to jointly decide if short-term borrowing is necessary to alleviate cash flow problems that are likely to arise during the fiscal year ending June 30, 2010. The resolution will authorize short-term borrowing of up to \$30,000,000. The Auditor-Controller and CAO will make the final determination in early June 2009. The money that we borrow will go to the General Fund in early July 2009 and will need to be paid back, with interest, in 12 or 13 months.

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Under current market conditions, it is likely that we will incur a substantial loss (negative arbitrage) on the TRAN. The actual cost of the TRAN will be determined by market conditions on or shortly after June 2, 2009.

FISCAL IMPACT:

Without the TRAN borrowing, the General Fund may not have enough cash to pay the County's obligations in the fall of 2009 without borrowing from other sources.

ACTION TO BE TAKEN FOLLOWING APPROVAL:

The Auditor-Controller and CAO will prepare the TRAN application documents. If our application is approved either the Auditor-Controller, Treasurer-Tax Collector, Chief Administrative Officer, or the Chairman of the Board of Supervisors, will be authorized to execute the final documents necessary for the County's borrowing of this working capital.

Sincerely,



Joe Harn
Auditor-Controller

Enc: Resolution

cc: Gayle Erbe-Hamlin, CAO
C.L. Raffety, Treasurer-Tax Collector

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BOARD OF SUPERVISORS
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