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January 29, 2009

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

**Re: Adoption of Resolution of the Board of Supervisors Declaring Its
Intention to Reimburse Itself From Bond Proceeds for Expenditures
to be Made in Connection with Certain Missouri Flat Road
Improvements**

Honorable Supervisors:

Recommendation:

County Counsel recommends that the Board adopt the attached Resolution declaring its intention to reimburse itself from the proceeds of one or more tax-exempt financings for certain expenditures made and/or to be made in connection with the acquisition, construction and equipping of certain capital improvements.

Reasons for Recommendation:

This resolution relates to the MC&FP financing of certain of the Missouri Flat Road improvements. It authorizes the use of bond proceeds to reimburse the County for expenditures made from other sources of funds. The resolution is necessary if the bond funds are to be used to reimburse for past expenditures and not just used to fund projects on an ongoing basis. This is important for the following reasons.

DOT had planned on using an approximately \$7,000,000 bond issue, the current limit of our bonding capacity, to fund a portion of the Missouri Flat Interchange Phase 1B project. With the bond market as uncertain as it is right now, it may be wise to defer a bond sale to a later point in the process. DOT may temporarily substitute funding from

the Missouri Flat Road Fund or some other source. But, we want the option to be able to reimburse those moneys out of bond proceeds when the bonds are sold.

Similarly with the Diamond Springs Parkway, it is anticipated that some sort of advanced funding may be necessary, either through developer financing, TIM Fees or some other source, to be reimbursed from later issued bond funds when the bonding capacity develops.

Reimbursement may occur for expenses incurred up to 60 days prior to the adoption of the resolution and into the future. (This may allow for some reimbursement of some Phase 1A expenditures if we need less than anticipated for Phase 1B.) There is a limitation that the reimbursement must occur within 18 months of the expenditure of the money, or 18 months of when the project is placed in service, but no more than three years after making the expenditure.

Fiscal Impact:

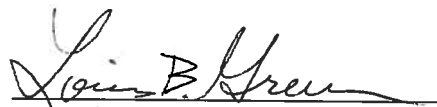
This action may allow for the reimbursement from bond proceeds of expenditures made on Missouri Flat Road improvements.

Actions to Be Taken After Approval:

Staff will analyze the appropriate timing for issuance of the bonds.

We would be pleased to respond to any questions you might have.

Respectfully submitted,


LOUIS B. GREEN
County Counsel

LBG/stl

Att.

cc: Chief Administrative Officer
Interim Dir. of Transportation

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