



County of El Dorado

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March 10, 2016

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

RE: Execute Contracts to Refinance Bonds - CFD 2005-1 (Blackstone)

Ladies and Gentlemen:

Recommendation:

The Auditor-Controller recommends that the Board of Supervisors authorize (1) the Auditor-Controller and CAO to negotiate contracts with Jones Hall (Bond and Disclosure Counsel), Kronick, Moskovitz, Tiedemann & Girard (Special Counsel), Stone & Youngberg, a Division of Stifel Nicolaus, (Underwriter), NBS Government Finance Group (NBS/GFG) (Special Tax Consultant), and Seevers Jordan Ziegenmeyer (Appraiser); (2) authorize the CAO to execute all necessary contracts related to the refunding of current bonds for CFD 2005-1 (Blackstone) after each agreement has been reviewed by County Counsel and Risk Management; (3) authorize the CAO and Auditor-Controller to work with the Assessment & Community Facilities District Screening Committee members and contracted consultants to begin the proceedings of refinancing Blackstone Mello Roos Bonds by preparing a preliminary offering statement and all other necessary steps as soon as practical if market conditions remain favorable; and (4) authorize the CAO and Auditor-Controller to work with the Assessment & Community Facilities District Screening Committee members and contracted consultants to determine if an additional \$2,345,000 of Blackstone Mello Roos Bonds can be issued for this CFD at an extremely low risk level for the County.

Reason for Recommendation:

In accordance with the County's Development Agreement for the Valley View Specific Plan, the County is required to assist the Developer in obtaining assessment district financing for a portion of the infrastructure needed for Blackstone.

On March 8, 2005 the Board of Supervisors adopted Resolution No. 056-2005, forming Community Facilities District No. 2005-1 (Blackstone) (the “CFD”). In addition, your Board’s approved Resolution No. 174-2005 authorizing the issuance of special tax bonds up to an aggregate principal not to exceed amount of \$35.0 million on behalf of the CFD.

There is approximately an outstanding balance of \$2,345,000 of new bonds to be issued if market conditions and other factors are favorable.

Interest rates have dropped significantly since these bonds were issued. Because interest rates have dropped, it appears that at this time it is advantageous to the property owners in the district if these bonds are refunded (refinanced). The actual amount of bonds sold would depend on the lien to value ratio calculated by the consultants and reviewed by the County.

In order to refinance the outstanding bonds and to issue the final series of bonds an offering statement, in addition to many other legal documents, will have to be prepared. In order to proceed, the County must contract with a bond counsel, a bond underwriter, appraiser, and a special tax consultant.

These firms will provide “special services” as described in section 3.12.230 of the County’s Purchasing Ordinance and section 31000 of the Government Code, and accordingly, are exempt from any formal competitive procurement requirements.

I recommend that the County contract with Jones Hall to serve as bond and disclosure counsel. Jones Hall is well acquainted with the County of El Dorado and performed satisfactorily as bond and disclosure counsel on the County’s last bond refinancing for Promontory CFD. I recommend that the County contract with the firm of Kronick, Moskovitz, Tiedemann & Girard (Kronick) to serve as special counsel. I recommend that we use Kronick because they have substantial municipal bond experience, they have an office in the Sacramento area, and they have performed satisfactorily for the County in the past. I recommend that we contract with NBS/GFG to serve as special tax consultant because they currently provide other services to the Blackstone Mello Roos District. I recommend that the County use the firm of Stone & Youngberg, a Division of Stifel Nicolaus, as our bond underwriter. For the past 10 years, Stone & Youngberg has been the most active underwriter of special tax and special assessment municipal debt in California. They have been in business for over 80 years.

In the event that the Assessment & Community Facilities District Screening Committee recommends that it is appropriate to issue bonds, this matter will come back to your Board.

Action:

- (1) Authorize CAO to execute agreements with Kronick, Moskovitz, Tiedemann & Girard (Special Counsel), Jones Hall (Bond and Disclosure Counsel), Stone & Youngberg (Underwriter), Seevers Jordan Ziegenmeyer (Appraiser), and NBS Government Finance Group (NBS/GFG) (Special Tax Consultant).
- (2) Authorize the CAO and Auditor-Controller to work with the Assessment & Community Facilities District Screening Committee members and contracted consultants to consider all requests by Developer and take all necessary steps to refund the CFD 2005-1 (Blackstone) Mello Roos Bonds as soon as practical.
- (3) Authorize the CAO and Auditor-Controller to work with the Assessment & Community Facilities District Screening Committee members and contracted consultants to begin the proceedings of refinancing Blackstone Mello Roos Bonds by preparing a preliminary offering statement and all other necessary steps as soon as practical if market conditions remain favorable; and
- (4) Authorize the CAO and Auditor-Controller to work with the Assessment & Community Facilities District Screening Committee members and contracted consultants to determine if an additional \$2,345,000 of Blackstone Mello Roos Bonds can be issued for this CFD at an extremely low risk level for the County.

Fiscal Impact:

This item will have no impact on the County General Fund. The contracts with underwriter and bond counsel will be contingent fee agreements. The costs related to these contracts will be charged to the Blackstone CFD.

Sincerely,



Joe Harn, CPA
Auditor-Controller

cc: Larry Combs, CAO