



Legislation Details (With Text)

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On agenda: 6/26/2012 **Final action:** 6/26/2012

Title: Auditor-Controller recommending the Board adopt Resolution 093-2012, which authorizes the Board Chair, the Auditor-Controller, the CAO, and the Treasurer-Tax Collector to sign various documents necessary to issue the CFD 1992-1 (Serrano) 2012 Refunding Bonds. The resolution authorizes the County staff to issue a public offering statement that will be used by potential bond investors to decide whether to buy or sell these refunding bonds.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - Serrano Bond Refi.pdf, 2. B - Serrano Bond Refi Resolution.pdf, 3. C - POS version 10.pdf, 4. D - Supplemental Indenture 6-26-12.pdf, 5. E - Escrow Agreement 6-26-12.pdf, 6. F - Continuing Disclosure Certificate.pdf, 7. G - 6-14-12 El Dorado CFD BPA X.pdf, 8. H - 6-14-12 El Dorado CFD BPA CLN (1).pdf

Date	Ver.	Action By	Action	Result
6/26/2012	1	Board of Supervisors	Adopted	Pass

Auditor-Controller recommending the Board adopt Resolution **093-2012**, which authorizes the Board Chair, the Auditor-Controller, the CAO, and the Treasurer-Tax Collector to sign various documents necessary to issue the CFD 1992-1 (Serrano) 2012 Refunding Bonds. The resolution authorizes the County staff to issue a public offering statement that will be used by potential bond investors to decide whether to buy or sell these refunding bonds.

Fiscal Impact

This item is unlikely to have any impact on the County General Fund. The only foreseeable circumstance that would make the County partially responsible for debt service payments or damages to bond investors would be if an error or omission is made by the County in the formation of the district, in the preparation of the offering statement, in the ongoing SEC required disclosures, or in the administration of the community facilities district.

Reason for Recommendation

There is approximately \$55,000,000 of Serrano Mello Roos bonds currently outstanding. These bonds were issued in 1999 and 2004. 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). In order to refinance these bonds a Preliminary Offering Statement has been prepared.

The Preliminary Official Statement has been reviewed and approved for transmittal to the Board of Supervisors by County staff and its financing team. The distribution of the Preliminary Official Statement by the County is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the refunding bonds. Material information is

information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the refunding bonds.

The Securities and Exchange Commission (the "SEC"), the agency with regulatory authority over the County's compliance with the federal securities laws, has issued guidance as to the duties of the Board of Supervisors with respect to its approval of the Preliminary Official Statement. In its "Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors" (Release No. 367611 January 24, 1996) (the "Release"), the SEC stated that, if a member of the Board of Supervisors has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the refunding bonds, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the Preliminary Official Statement. In the Release, the SEC stated that the steps that a member of the Board of Supervisors could take include becoming familiar with the Preliminary Official Statement and questioning staff and consultants about the disclosure of such facts.