

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

375



**FROM:** Executive Office

**SUBMITTAL DATE:**  
April 26, 2004

**SUBJECT:** FY 2004-05 Tax and Revenue Anticipation Notes

**RECOMMENDED MOTION:** That Resolution #2004-225 authorizing and approving the borrowing of funds for Fiscal Year 2004-2005; the issuance and sale of a 2004-2005 Tax and Revenue Anticipation Note therefor and participation in the California Communities Cash Flow Financing program be approved.

**BACKGROUND:** The County annually issues Tax and Revenue Anticipation Notes (TRANS) to provide needed cash to cover the projected cash flow deficits of the County General Fund during the fiscal year. The deficit occurs because the timing of tax collections does not match the County's on-going expenditure requirements.

The County, for the past six years, has issued its TRANS through the statewide financing program jointly sponsored by the California State Association of Counties and the League of California Cities. By joining the TRANS pool, the issuance process is streamlined, with the majority of the process being handled by the financial advisor, RBC Dain Rauscher. Because of the success in using the TRANS pool, it is being recommended that the County again use the pool for its FY 2004-05 TRANS.

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Dean Deines  
Principal Management Analyst

FORM APPROVED  
COUNTY COUNSEL  
APR 27 2004  
BY

Departmental Concurrence

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$4,250,000(interest)	For Fiscal Year:	N/A
<b>SOURCE OF FUNDS:</b> Interest Earnings on Note proceeds; General Fund				Positions To Be Deleted Per A-30 <input type="checkbox"/>
				Requires 4/5 Vote <input type="checkbox"/>

**C.E.O. RECOMMENDATION: APPROVE**

**County Executive Office Signature**

Consent  
 Policy  
  
 Consent  
 Policy  
  
 Dep't Recomm.:  
 Per Exec. Ofc.:

**Prev. Agn. Ref.:** \_\_\_\_\_ **District:** \_\_\_\_\_ **Agenda Number:** \_\_\_\_\_

**ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD**

3.3

Resolution #2004-225 authorizes the issuance of tax and revenue anticipation notes in an amount not-to-exceed \$350,000,000, though the actual amount will most likely be less. Included in this amount is the authorization to issue approximately \$100,000,000 of taxable notes in the event the County elects to prepay its FY 04-05 CalPERS normal contribution. The County Treasurer, Human Resources Director and Executive Office are currently analyzing the benefits of a prepayment. CalPERS has confirmed that the County would receive a 4.04% discount if the FY 2004-05 employer contribution is paid on or near July 1, 2004. Based on a 1.75% interest rate for taxable notes the County should realize a net discount of approximately \$2 million. Approving this resolution does not obligate the County to prepay the CalPERS contribution or issue the \$100,000,000 in taxable notes. The Pension Advisory Review Committee has approved the CalPERS prepayment in conceptual form, pending confirmation of the terms from CalPERS.

The County's issuance costs for the tax-exempt portion will be the same as last year's costs, which was \$1.05/\$1,000. It is anticipated that interest rates for the tax-exempt notes will be between 1.00% and 1.10% for a 12-month note. The issuance costs for the taxable are estimated at an additional \$.095/\$1,000. Anticipated interest rates on the taxable notes are estimated between 1.65% and 1.75%.

The large authorization provides the flexibility to issue an additional series of notes in the event the County and State budgets change substantially. The resolution also appoints the law firm of Orrick, Herrington & Sutcliffe as bond counsel to the County.