

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

447



**FROM:** Executive Office

**SUBMITTAL DATE:**  
May 10, 2005

**SUBJECT:** Fiscal Year 2005-2006 Tax and Revenue Anticipation Notes

**RECOMMENDED MOTION:** That Resolution 2005-276 authorizing and approving the borrowing of funds for Fiscal Year 2005-2006; the issuance and sale of a 2005-2006 Tax and Revenue Anticipation Note therefore 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 eight 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 2005-06 TRANS.

(CONTINUED)

PARC  
 Departmental Concurrence  
*Paul McDonald*  
*Ken...*

*Dean Deines*

Dean Deines  
Deputy County Executive Officer

FORM APPROVED  
 COUNTY COUNSEL  
 MAY 10 2005

<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:	\$10,825,000 (interest)	For Fiscal Year:	N/A

<b>SOURCE OF FUNDS:</b> Interest Earnings on Note proceeds; General Fund	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

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

**APPROVE.**

**County Executive Office Signature**

*Dean Deines*

- Policy
- Policy
- Consent
- Consent

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

Prev. Agenda Ref. **ATTACHMENTS FILED** District: **Agenda Number:**  
WITH THE CLERK OF THE BOARD

COUNTY OF RIVERSIDE  
 RECEIVED MAY 11 11:08 AM '05  
 CLERK OF THE BOARD

3.2

Board Policy B-25 (Pension Management Policy) directs the Pension Advisory Review Committee (PARC) to review and make a recommendation regarding the prepayment of the County's annual CalPERS normal contribution. Based on PARC's analysis, prepaying the FY 05-06 CalPERS normal contribution would save approximately \$1.6 million. PARC therefore recommends the prepayment and will be included in the FY 05-06 TRANs. The savings will continue to be evaluated up to the pricing of the TRANs. If, at the time of the pricing, there is insufficient savings, the prepayment will be removed from the TRANs. Approving this resolution does not obligate the County to prepay the CalPERS contribution or issue the \$100,000,000 in taxable notes.

The FY 2005-06 resolution 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 the FY 2005-06 TRANs is the authorization to issue taxable notes to prepay the FY 05-06 CalPERS normal contribution.

The County's issuance costs for the tax-exempt portion will be approximately \$285,000. The County has an option of issuing either a 12-month or 13-month note. The term will be determined by which is most cost beneficial to the County. It is anticipated that interest rates for the tax-exempt notes will be 2.75% for a 12-month note and 2.85% for a 13-month note. The issuance costs for the taxable are estimated at approximately \$140,000. The anticipated interest rate on the taxable notes is 3.7%.

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.