



Counts of Santa Cruz

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AUDITOR-CONTROLLER'S OFFICE
701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 95060-4073
(631) 454-2500 FAX (831) 454-2660

GARY A. KNUTSON, AUDITOR-CONTROLLER

Chief Deputy Auditor-Controllers
Pam Silbaugh, Accounting
Suzanne Young, Audit and Systems
Kathleen Hammons, Budget and Tax

Agenda Date: March 16, 1999

March 3, 1999

Honorable Board of Supervisors
7 10 Ocean Street
Santa Cruz, California 95060

Dear Members of the Board:

Subject: Authorizing work on the 1999-2000 Tax and Revenue Anticipation Notes

For the 1999-2000 fiscal year, we are recommending that you Board authorize the issuance of fifteen month Tax and Revenue Anticipation Notes (TRAN) in an amount not to exceed \$60 million. This issuance is necessary to provide adequate working capital to pay claims of the County and Special Districts with funds on deposit in the Treasury of the County. The TRAN is required to address timing difference or lag time between the payment of claims and receiving tax distributions, reimbursements from third parties, or flow of funds from State and Federal Agencies.

The issuance amount recommended is being revised upward based upon the review by the County's financial adviser and other factors. For the 1999-2000 fiscal year we will combine the TRAN note with the Teeter TRAN note to save issuance costs. We feel that the non-pooled TRAN is now favorable due to the court decision regarding Utility Tax which heretofore caused concern to some credit rating agencies. For the 1999-2000 fiscal year we recommend against participating in the California Statewide Communities Development Authority TRAN Pool, but instead using Bond Counsel of Rutan & Tucker and Financial Consultants Rod Gunn Associates, Inc.

Please see the attached letter from Rod Gunn Associates, Inc., for the projected costs of this financing alternative. We estimate there will be cost savings of approximately \$100,000.

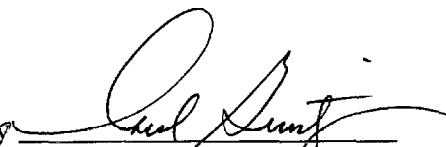
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It is therefore recommended that your Board of Supervisors authorize the Auditor-Controller to proceed with working with Rutan & Tucker and Rod Gunn Associates, Inc., and to return to your board on or before June 15, 1999 for final actions.

Sincerely yours,



Gary A. Knutson
Auditor-Controller

Recommended by 
for County Administrative Officer

cc: County Counsel

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Rod Gunn Associates, Inc.

FINANCIAL CONSULTANTS

February 27, 1999

Gary Knutson, Auditor-Controller
county of Santa Cruz
Government Center
701 Ocean Street
Santa Cruz, CA 95060

Dear Gary:

Estimated costs for your 1999/00 TRAN are as follows:

Bond Counsel fees and expenses	\$11,500
Financial Advisor fees and expenses	7,500
Printing	6,500
Rating Fees	7,500
Disclosure Counsel fees and expenses	<u>8,500</u>
	\$41,500

This is based on a TRAN size of \$47 million. If you end up including the Teeter borrowing and causing the size to exceed \$50 million, the rating fee will increase by \$2,500.

Please call me if you have my questions.

Very truly yours,

Suzanne Harrell