

DEPARTMENT: Administration

BY: Rick Benson

PHONE: 966-3222

RECOMMENDED ACTION AND JUSTIFICATION:

Approve an Agreement with KNN Public Finance in an amount not to exceed \$95,000 to provide municipal finance consulting services relating to pension bond financing; and Authorize the Chairman of the Board of Supervisors to sign the Agreement. In concept the issuance of these bonds is rather straightforward, however there are numerous options regarding the structuring and placement of these bonds. Slight differences in interest rates and/or terms of the issuance can end up varying the costs to the County by several thousand dollars annually.

KNN Public Finance provides consulting services to assist with the structuring, coordinating, marketing, and pricing of bonds and other matters related to their issuance. KNN will act on the County's behalf by contacting several potential buyers of these types of bonds in order to secure the best deal possible. The firm will also act in concert with Bond Counsel to assure that all reporting and other legal requirements are met while minimizing costs to do so. The firm has a long list of municipal clients including counties, cities, school districts, and other entities throughout the State.

Compensation to the consultant is in the amount of \$60,000 plus expenses not to exceed \$5,000. The Agreement also contains two other compensation line items, neither of which are contemplated. Issuing bonds through a private placement does not normally require an official statement, however if it does become necessary to issue an official statement the consultant's fee will be increased by \$10,000. Furthermore, although the County is contemplating a private placement, if it appears advantageous to have a public offering, the consultant's fee would increase to \$95,000. While neither of these situations are likely, by including them in the Agreement at this time, the County will not be subject to any unexpected costs later. All costs for this Agreement will be paid through financing. In addition, no fee will be due in the event that the County does not complete the financing.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

On April 24, 2007, the Board gave direction to pursue issuance of pension obligation bonds in order to address the unfunded liability of the County for retirement benefits.

ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

Do not approve the Agreement. Although it is possible for the County to issue bonds without a financial consultant, without the complete access to the financial markets provided by a consultant, it is unlikely that savings to the County will be maximized.

Financial Impact? () Yes () No Current FY Cost: \$ Annual Recurring Cost: \$
 Budgeted In Current FY? () Yes () No () Partially Funded
 Amount in Budget: \$ _____ List Attachments, number pages consecutively
 Additional Funding Needed: \$ _____ Agreement _____
 Source: _____
 Internal Transfer _____
 Unanticipated Revenue _____ 4/5's vote _____
 Transfer Between Funds _____ 4/5's vote _____
 Contingency _____ 4/5's vote _____
 () General () Other _____

CLERK'S USE ONLY:

Res. No.: 07-349 Ord. No. _____
 Vote - Ayes: 5 Noes: _____
 Absent: _____

6) Approved
) Minute Order Attached () No Action Necessary

The foregoing instrument is a correct copy of the original on file in this office.

Date: _____
 Attest: MARGIE WILLIAMS, Clerk of the Board
 County of Mariposa, State of California

By: _____
 Deputy

COUNTY ADMINISTRATIVE OFFICER:

Requested Action Recommended
 No Opinion
 Comments:

CAO: [Signature]



COUNTY of MARIPOSA

P.O. Box 784, Mariposa, CA 95338 (209) 966-3222

JANET BIBBY, CHAIR
LYLE TURPIN, VICE CHAIR
BRAD ABORN
DIANNE A. FRITZ
BOB PICKARD

DISTRICT III
DISTRICT II
DISTRICT I
DISTRICT IV
DISTRICT V



MARIPOSA COUNTY BOARD OF SUPERVISORS

MINUTE ORDER

TO: RICHARD J. BENSON, CAO

FROM: MARGIE WILLIAMS, Clerk of the Board *MW*

SUBJECT: Approve an Agreement with KNN Public Finance in an Amount not to Exceed \$95,000 to Provide Municipal Finance Consulting Services Relating to Pension Bond Financing and Authorize the Board of Supervisors Chair to Sign the Agreement

RESOLUTION 07-349

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA

ADOPTED THIS Order on July 17, 2007

ACTION AND VOTE:

Richard J. Benson, County Administrative Officer;

A) Approve an Agreement with KNN Public Finance in an Amount not to Exceed \$95,000 to Provide Municipal Finance Consulting Services Relating to Pension Bond Financing and Authorize the Board of Supervisors Chair to Sign the Agreement

BOARD ACTION: Discussion was held.

Input from the public was provided by the following:

Ruth Sellers provided input and asked whether consideration is being given to establishing a two-tier retirement system.

Paul Chapman provided input and opposed the bond financing.

Robert Larson provided input and stated he feels only the base amount of the contract should be approved at this time.

(M)Pickard, (S)Turpin, Res. 07-349 was adopted. County Administrative Officer to keep the Board apprised of the status of the contract and expenses above the base amount. Ayes: Unanimous.

Cc: Chris Ebie, Auditor
File