



Revision to ASR and/or Exhibits/Attachments

Date: January 7, 2010

To: Darlene J. Bloom, Clerk of the Board of Supervisors

CC: County Executive Office

From: Stephen Dunivent, Deputy CEO, Government and Public Services

RE: Agenda Item(s) # S37A for the January 12, 2010 Board Meeting

ASR Control #(s): 09-002213

Subject: Financing Opportunities - 2009 Recovery Act

2010 JAN -7 AM 10:15
RECEIVED
COUNTY CLERK
ORANGE COUNTY, CALIFORNIA

Explanation:

Revised Recommended Action(s)

2. Direct staff to:

- a. Prepare Plan of Issuance for submission to the California Debt Limit Allocation Committee on use of bond allocation and develop specific proposals for review by PFAC and the Board of Supervisors for eligible County projects regarding the Recovery Zone Economic Development Bond Program, in an amount not to exceed \$29,732,000, and up to ~~\$14,201,955~~ ~~\$5,000,000~~ for the Qualified Energy Conservation Bond Program.
- b. Provide Orange County cities an opportunity to receive a transfer and use the County's bond allocation for Recovery Zone Facility Bonds, ~~and Qualified Energy Conservation Bonds.~~

Make modifications to the:

- Subject Background Information Summary

Qualified Energy Conservation Bonds - \$14,201,955

- This is a tax-credit bond – a bond for which the public agency only pays back the principal on the bond, and the bondholder receives federal tax credits in lieu of traditional bond interest. ~~a public agency issues a taxable bond, and the investor receives a tax credit at a rate set by the Treasury, which is intended to provide an interest-free loan to the public agency issuer.~~

RZ Economic Development Bonds

Issue bonds, up to \$29,732,000, for one or more of the following projects:

- 4. Cooling Tower, Basin and Enclosure – Repair/replace facilities related to the Central Utility Facility and other alternative energy projects.

Qualified Energy Conservation Bonds

- 1 Issue up to \$14,201,955 ~~\$5 million~~ in QEC bonds for the creation of a new County Office of Sustainability to improve environmental sensitivity and sustainability of government by reducing energy consumption in public buildings. ~~In addition,~~ † This office will establish a public education campaign to promote energy efficiency. Funding would be repaid over a five (5) year period. *In addition, funding will be used for solar projects or programs. This bond financing is being pursued in conjunction with grant funding opportunities.*
- 2 ~~Inform cities of the remaining allocation. As with the RZ Facility Bonds, interested cities will submit an application for review, ranking, and approval by the Board of Supervisors.~~

REVIEWING AGENCIES:

County Executive Office, *OC Workforce Investment Board, OC Public Works,* and County Counsel

Revised Exhibits/Attachments (attached)

Additional Information and/or Correspondence (attached)

ORANGE COUNTY
CLERK OF THE BOARD
OF
SUPERVISORS



COUNTY OF ORANGE
CALIFORNIA

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MEMO

Date: January 6, 2010

To: Board of Supervisors
Thomas G. Mauk, CEO
Nicholas Chrisos, County Counsel

From: Darlene Bloom, Clerk of the Board

Subject: **Supplemental Agenda Item for January 12, 2010 – S37A
County Executive Office – Financing Opportunities –
2009 Recovery Act**

The attached agenda item was filed with the Clerk of the Board for the January 12, 2010 Board of Supervisors hearing but was inadvertently left off the agenda. Per Rule 21 of the Board of Supervisors Rules of Procedures, due to an administrative error, the Clerk of the Board is placing this item on the agenda as a supplemental item.

In addition, Item 33 on the January 12, 2010 Board hearing should have been scheduled for the January 26, 2010 Board hearing as requested by the department. Our office will continue this item to the January 26, 2010 Board hearing.

Cc: Grand Jury
Richard Mendoza, CEO

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AGENDA STAFF REPORT

Agenda Item

ASR Control 09-002213

MEETING DATE: 01/12/10
LEGAL ENTITY TAKING ACTION: Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S): All Districts
SUBMITTING AGENCY/DEPARTMENT: County Executive Office (Approved)
DEPARTMENT CONTACT PERSON(S): Steve Dunivent 834-3028
 Jay Wong 834-2009

SUBJECT: Financing Opportunities - 2009 Recovery Act

CEO CONCUR Concur	COUNTY COUNSEL REVIEW Approved Resolution to Form	CLERK OF THE BOARD Discussion 3 Votes Board Majority
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Budgeted: N/A **Current Year Cost:** N/A **Annual Cost:** N/A

Staffing Impact: No **# of Positions:** **Sole Source:** N/A
Current Fiscal Year Revenue: N/A
Funding Source: N/A

Prior Board Action: N/A

RECOMMENDED ACTION(S):

Request the Board of Supervisors approve the following actions for stimulus bond financing opportunities:

1. Adopt Resolution of the Board of Supervisors of the County of Orange Approving and Designating an Economic Recovery Zone for the County of Orange Pursuant to the American Recovery and Reinvestment Act of 2009.

2. Direct staff to:

- a. Prepare Plan of Issuance for submission to the California Debt Limit Allocation Committee on use of bond allocation and develop specific proposals for review by PFAC and the Board of Supervisors for eligible County projects regarding the Recovery Zone Economic Development Bond Program, in an amount not to exceed \$29,732,000, and up to \$5,000,000 for Qualified Energy Conservation Bond Program.
- b. Provide Orange County cities an opportunity to receive a transfer and use the County's bond allocation for Recovery Zone Facility Bonds and Qualified Energy Conservation Bonds.
- c. Return to the Board of Supervisors with a recommended transfer allocation(s).

SUMMARY:

The American Recovery and Reinvestment Act of 2009 (ARRA) has provided States with bond financing opportunities related to economic development and energy conservation programs. The State has three bond financing opportunities - the Recovery Zone (RZ) Economic Development, Recovery Zone Facility, and Qualified Energy Conservation (QEC) Bonds. The first two are through the California Infrastructure and Economic Development Bank (I-Bank), while the last one is overseen by the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA). Bonds issued under these programs are to be repaid by the borrowers, such as the County, cities or private entities.

The County of Orange has been provided direct allocations of bond issuance authority of \$29,732,000 for RZ Economic Development Bonds, \$44,598,000 for RZ Facility Bonds and \$14,201,955 for QEC Bonds. Additionally, eight (8) Orange County cities with a population greater than 100,000 received a direct allocation under these three bond financing opportunities (Exhibit A).

The RZ bonds provide tax incentives and lower borrowing costs to fund projects for local governments and private entities to promote job creation and economic recovery in areas particularly affected by employment declines. The QEC bond proceeds are to promote the use of alternative energy and energy efficiency.

BACKGROUND INFORMATION:

I-Bank is the State's only general purpose financing authority with broad statutory powers to (1) issue bonds, (2) make loans, and (3) provide credit enhancements for a wide variety of public infrastructure and economic development projects.

ARRA is intended to preserve and create jobs and promote the nation's economic recovery. Part of this plan includes providing new innovative public financing tools for local governments. Three such tools the County of Orange is eligible to participate in include RZ Economic Development Bonds, RZ Facility Bonds and QEC Bonds. Additionally, eight Orange County cities with a population greater than 100,000 received a direct allocation under these three bond financing opportunities. Those cities are Anaheim, Costa Mesa, Fullerton, Garden Grove, Huntington Beach, Irvine, Orange, and Santa Ana (Exhibit A). A complete county/city allocation listing is provided as Exhibit B.

Recovery Zone Bonds

RZ Economic Development Bonds and RZ Facility Bonds provide tax incentives, and lower borrowing costs to fund projects for local governments and private entities to promote job creation and economic recovery in recovery zones, which is defined as economically stressed geographic areas with significant unemployment, poverty and home foreclosure rates. In order to use the RZ Economic Development or RZ Facility Bond proceeds, the Board of Supervisors is required to adopt a resolution designating a Recovery Zone. Given the County's unemployment rate of 9.6 percent, as well as home foreclosures, loss of property tax and sales tax revenues from the economic downturn, the resolution seeks to designate all of Orange County as a Recovery Zone (Exhibit C).

1. Economic Development Bond - \$29,732,000

- These are taxable bonds. Since the interest on these bonds is taxable, the interest rate will be higher than a tax-exempt bond rate. However, the federal government will reimburse the bond issuer for 45 percent of the interest paid. This reimbursement should result in a net cost (to the issuer) less than tax exempt debt rates.

- Bond proceeds can only be used to promote development or economic activity within a designated Recovery Zone.
- Eligible uses include:
 1. Capital expenditures for the acquisition or development of property within a Zone (by a *public entity*).
 2. Expenditures for public infrastructure and construction of public facilities.
 3. Expenditures for job training and education programs.
- Ineligible uses include any activities where a substantial portion of the bond proceeds would benefit a private business or individual.

2. *Facility Bond - \$44,598,000*

- These bonds are classified as “exempt facility bonds” for tax purposes. This means that interest on these bonds is tax-exempt and result in having lower interest rates.
- Unlike RZ Economic Development Bonds, Facility Bonds are specifically formulated to finance private sector activities.
- Eligible uses include private acquisition and development of property within a Recovery Zone, if:
 1. The property is depreciable;
 2. The property is acquired after the Zone has been designated; and
 3. The taxpayer will use the property for an original use within the Zone (prevents the acquisition of existing businesses by ensuring funds are used to initiate new businesses).
- Ineligible uses include financing for any of the following: residential rental properties, golf courses, country clubs, massage parlors, gambling facilities, liquor stores, and hot tub/suntan facilities.

Qualified Energy Conservation Bonds - \$14,201,955

- This is a tax-credit bond – a public agency issues a taxable bond, and the investor receives a tax credit at a rate set by the Treasury, which is intended to provide an interest-free loan to the public agency issuer.
- Local governments may issue these bonds to fund a broad array of “green” expenditures including:
 1. Implementing green community programs to encourage successful community-based environmental protection and sustainable community development.
 2. Grants to support research in emerging energy technologies
 3. Rail and bus facilities
 4. Public education programs
 5. Renewable energy facilities, and
 6. Demonstration projects for emerging energy technologies
- At least 70 percent of the County's allocation must be used for governmental purpose. Conversely a maximum of 30 percent can be used for private activity bonds.

Timeline

The following timeline provides critical deadlines for the RZ and QEC bond programs:

- ❑ **January 31, 2010** – Submit a Plan of Issuance to the California Debt Limit Allocation Committee (CDLAC) by January 31, 2010, which is to include description of projects, proposed issuance timeline for all local actions and approvals (TEFRA, Inducement resolution, etc.), identification of the local approvals obtained to date, and anticipated construction start date.
- ❑ **August 15, 2010** – Entities that have not issued bonds by this date will be required to submit the more stringent documentation to CDLAC regarding issuance. To alleviate this issue, the County will require bonds to be issued no later than August 1, 2010. Failure to comply will result in the

allocation being waived and captured by the State for State re-allocation to other local jurisdictions in California.

- ❑ **December 31, 2010** – Deadline for bonds to be issued. Staff, however, recommends a mandate that bonds be issued by August 1, 2010 to provide a sufficient construction period, as well as avoid additional State reporting requirements.
- ❑ **December 31, 2011** – Construction must be complete.

* Within three days of issuance, the County is required to submit a Report of Action form to CDLAC.

Projects

Based upon research conducted by staff, the following County projects and processes have been identified for possible bond financing:

RZ Economic Development Bonds

Issue bonds, up to \$29,732,000, for the following projects:

1. Alton Parkway – Construct extension of roadway from Irvine Boulevard to Commercentre Drive.
2. Santa Ana River Interceptor (SARI) Line – Construct Yorba Linda Spur line (tributary to the SARI) and the metering station/structure.
3. Orange County Fairgrounds – Use portion of proceeds to purchase site.
4. Cooling Tower, Basin and Enclosure – Repair/replace facilities related to the Central Utility Facility.
5. Central Jail Complex Consolidated Maintenance Project – Replacement of critical electrical equipment and repairs in the kitchen area.

RZ Facility Bonds

Because these bonds focus on private activity, staff recommends notifying cities of this bond transfer opportunity, with the notation that cities not receiving an allocation will be provided a higher priority ranking than the cities that received a direct allocation. Cities interested will submit an application to the County for review, ranking and approval by the Board of Supervisors.

It is important to note that, per State guidelines, should the County transfer a portion of its allocation to cities that have already received a direct allocation, these cities are obligated to conduct two bond issuances – one for their own direct allocation and a separate one for the County's allocation. *The two allocations are prohibited from being combined so that there is only one bond issuance by either the City or the County. Additionally, the County will not have any financial responsibility or liability for any City issued bonds.*

Should the Board of Supervisors wish to transfer the County's allocation to eligible cities, CEO Legislative Affairs, in consultation with CEO Public Finance and OCCR/OC Workforce Investment Board have provided the following set of recommended Allocation Criteria prioritizing how the allocation will be distributed.

Recommended Transfer Allocation Criteria

1. Transfer allocation priority must be given to cities that did not receive direct allocation from federal government.
2. Ready to issue bonds no later than August 1, 2010.
3. Complete construction by mandated December 31, 2011 deadline.
4. Cities must be able to document (1) that their project and revenues to be pledged qualify for the issuance of the bonds and (2) debt repayment that provides funding stream(s) to repay bonds, including the costs of issuance and any associated recurring costs, such as Trustee Fees. Moreover,

cities will qualify on their own credit. *The County of Orange will have no financial involvement or liability with any bond issuance made by a city.*

5. Must show project ready for construction – entitlements, approvals, CEQA, etc.
6. Number and type of projected jobs created (permanent and construction).

Upon review of submitted applications, staff will return to the Board of Supervisors with a recommended transfer allocation. It should be noted that the County of Orange will be responsible for fulfilling all reporting requirements unless it returns all of three bond allocations back to the State for re-allocation.

Qualified Energy Conservation Bonds

1. Issue up to \$5 million in QEC bonds for the creation of a new County Office of Sustainability to improve environmental sensitivity and sustainability of government by reducing energy consumption in public buildings. In addition, this office will establish a public education campaign to promote energy efficiency. Funding would be repaid over a five (5) year period.
2. Inform cities of the remaining allocation. As with the RZ Facility Bonds, interested cities will submit an application for review, ranking, and approval by the Board of Supervisors.

Prior to any bond issuance for RZ Economic Development or QEC Bonds, proposals will be developed for review by Public Financing Advisory Committee (PFAC) and the Board of Supervisors.

FINANCIAL IMPACT:

N/A

STAFFING IMPACT:

N/A

REVIEWING AGENCIES:

County Executive Office and County Counsel

EXHIBIT(S):

- A: I-Bank Allocation for Orange County
- B: I-Bank Allocation for California
- C: Recovery Zone Resolution

California I-Bank Bond Allocations

RZ Economic Development Bond Allocation	
County of Orange	\$29,732,000
Anaheim	6,573,000
Santa Ana	5,872,000
Huntington Beach	4,752,000
Irvine	3,268,000
Garden Grove	3,196,000
Orange	2,713,000
Fullerton	2,705,000
Costa Mesa	2,572,000

Note: Allocation determined by Department of Treasury

RZ Facility Bond Allocation	
County of Orange	\$44,598,000
Anaheim	9,859,000
Santa Ana	8,807,000
Huntington Beach	7,128,000
Irvine	4,902,000
Garden Grove	4,794,000
Orange	4,069,000
Fullerton	4,058,000
Costa Mesa	3,857,000

Note: Allocation determined by Department of Treasury

Qualified Energy Conservation Bond Allocation	
County of Orange	\$14,201,955
Santa Ana	3,522,685
Anaheim	3,457,264
Irvine	2,086,918
Huntington Beach	2,001,070
Garden Grove	1,718,107
Orange	1,393,274
Fullerton	1,370,108
Costa Mesa	1,130,583

Note: Allocation determined by Internal Revenue Service

Exhibit B

I-Bank Allocations - California

Area	Recovery Zone		
	Residual	Economic Development Bond	Recovery Zone Facility Bond
California		806,225,000	1,209,338,000
Anaheim city, CA		6,573,000	9,859,000
Bakersfield city, CA		0	0
Berkeley city, CA		1,558,000	2,337,000
Burbank city, CA		5,832,000	8,748,000
Chula Vista city, CA		0	0
Concord city, CA		1,831,000	2,746,000
Corona city, CA		7,482,000	11,223,000
Costa Mesa city, CA		2,572,000	3,857,000
Daly City city, CA		0	0
Downey city, CA		5,210,000	7,815,000
Elk Grove city, CA		1,372,000	2,059,000
El Monte city, CA		4,791,000	7,187,000
Escondido city, CA		0	0
Fairfield city, CA		934,000	1,401,000
Fontana city, CA		5,421,000	8,131,000
Fremont city, CA		2,970,000	4,456,000
Fresno city, CA		0	0
Fullerton city, CA		2,705,000	4,058,000
Garden Grove city, CA		3,196,000	4,794,000
Glendale city, CA		10,043,000	15,065,000
Hayward city, CA		1,833,000	2,750,000
Huntington Beach city, CA		4,752,000	7,128,000
Inglewood city, CA		4,992,000	7,488,000
Irvine city, CA		3,268,000	4,902,000
Lancaster city, CA		5,076,000	7,614,000
Long Beach city, CA		22,235,000	33,353,000
Los Angeles city, CA		179,460,000	269,191,000
Modesto city, CA		904,000	1,356,000
Moreno Valley city, CA		7,360,000	11,041,000
Norwalk city, CA		4,630,000	6,945,000
Oakland city, CA		5,054,000	7,581,000
Oceanside city, CA		0	0
Ontario city, CA		7,113,000	10,669,000
Orange city, CA		2,817,000	4,225,000
Oxnard city, CA		2,713,000	4,069,000
Palmdale city, CA		5,136,000	7,704,000
Pasadena city, CA		7,410,000	11,115,000
Pomona city, CA		6,233,000	9,350,000
Rancho Cucamonga city, CA		7,048,000	10,572,000
Richmond city, CA		1,316,000	1,973,000
Riverside city, CA		13,774,000	20,662,000
Roseville city, CA		2,091,000	3,136,000
Sacramento city, CA		8,042,000	12,063,000
Salinas city, CA		0	0
San Bernardino city, CA		7,068,000	10,602,000
San Buenaventura (Ventura) city, CA		1,925,000	2,887,000
San Diego city, CA		0	0
San Francisco County/city, CA		0	0
San Jose city, CA		0	0
Santa Ana city, CA		5,872,000	8,807,000
Santa Clara city, CA		0	0
Santa Clarita city, CA		8,847,000	13,270,000
Santa Rosa city, CA		2,965,000	4,448,000
Simi Valley city, CA		2,207,000	3,311,000
Stockton city, CA		3,508,000	5,262,000
Sunnyvale city, CA		0	0
Thousand Oaks city, CA		2,264,000	3,397,000
Torrance city, CA		7,980,000	11,970,000
Vallejo city, CA		1,221,000	1,832,000
Victorville city, CA		2,552,000	3,828,000
Visalia city, CA		0	0
West Covina city, CA		5,309,000	7,964,000

Area	Residual	Recovery Zone	
		Economic Development Bond	Recovery Zone Facility Bond
Alameda County, CA	Residual	8,644,000	12,966,000
Alpine County, CA		0	0
Amador County, CA		1,021,000	1,531,000
Butte County, CA		1,685,000	2,527,000
Calaveras County, CA		1,016,000	1,524,000
Colusa County, CA		0	0
Contra Costa County, CA	Residual	10,700,000	16,050,000
Del Norte County, CA		0	0
El Dorado County, CA		3,471,000	5,206,000
Fresno County, CA	Residual	0	0
Glenn County, CA		285,000	427,000
Humboldt County, CA		82,000	123,000
Imperial County, CA		0	0
Inyo County, CA		0	0
Kern County, CA	Residual	0	0
Kings County, CA		2,951,000	4,426,000
Lake County, CA		64,000	97,000
Lassen County, CA		0	0
Los Angeles County, CA	Residual	180,989,000	271,484,000
Madera County, CA		0	0
Marin County, CA		0	0
Mariposa County, CA		0	0
Mendocino County, CA		443,000	665,000
Merced County, CA		0	0
Modoc County, CA		0	0
Mono County, CA		329,000	494,000
Monterey County, CA	Residual	0	0
Napa County, CA		0	0
Nevada County, CA		3,357,000	5,035,000
Orange County, CA	Residual	29,732,000	44,598,000
Placer County, CA	Residual	4,561,000	6,841,000
Plumas County, CA		337,000	505,000
Riverside County, CA	Residual	49,801,000	74,702,000
Sacramento County, CA	Residual	16,467,000	24,701,000
San Benito County, CA		0	0
San Bernardino County, CA	Residual	46,093,000	69,139,000
San Diego County, CA	Residual	0	0
San Joaquin County, CA	Residual	5,121,000	7,681,000
San Luis Obispo County, CA		0	0
San Mateo County, CA	Residual	0	0
Santa Barbara County, CA		0	0
Santa Clara County, CA	Residual	0	0
Santa Cruz County, CA		0	0
Shasta County, CA		3,890,000	5,834,000
Sierra County, CA		0	0
Siskiyou County, CA		139,000	208,000
Solano County, CA	Residual	1,950,000	2,925,000
Sonoma County, CA	Residual	6,369,000	9,554,000
Stanislaus County, CA	Residual	1,154,000	1,732,000
Sutter County, CA		0	0
Tehama County, CA		0	0
Trinity County, CA		59,000	89,000
Tulare County, CA	Residual	0	0
Tuolumne County, CA		0	0
Ventura County, CA	Residual	4,326,000	6,488,000
Yolo County, CA		3,724,000	5,585,000
Yuba County, CA		0	0

**PROJECTED QUALIFIED
ENERGY CONSERVATION
BOND APPORTIONMENTS
FOR MUNICIPALITIES**

Eligible Municipalities	Population	Share of QECB Allocation	Share of Private Activity Use of QECB Allocation	Required Minimum Use of QECB Allocation for Governmental Projects / Programs
Berkeley (Alameda County)	101,377	\$1,051,727.33	\$315,518.20	\$736,209.13
Fremont (Alameda County)	201,334	\$2,088,722.98	\$626,616.89	\$1,462,106.08
Hayward (Alameda County)	140,943	\$1,462,201.53	\$438,660.46	\$1,023,541.07
Oakland (Alameda County)	401,489	\$4,165,214.52	\$1,249,564.36	\$2,915,650.16
Concord (Contra Costa County)	120,844	\$1,253,686.11	\$376,105.83	\$877,580.28
Richmond (Contra Costa County)	101,454	\$1,052,526.16	\$315,757.85	\$736,768.31
Fresno (Fresno County)	470,508	\$4,881,246.44	\$1,464,373.93	\$3,416,872.51
Bakersfield (Kern County)	315,837	\$3,276,624.91	\$982,987.47	\$2,293,637.44
Burbank (Los Angeles)	103,286	\$1,071,532.09	\$321,459.63	\$750,072.46
Downey (Los Angeles)	108,109	\$1,121,567.90	\$336,470.37	\$785,097.53
El Monte (Los Angeles)	122,272	\$1,268,500.78	\$380,550.23	\$887,950.55
Glendale (Los Angeles)	196,979	\$2,043,542.39	\$613,062.72	\$1,430,479.67
Inglewood (Los Angeles)	113,376	\$1,176,209.96	\$352,862.99	\$823,346.97
Lancaster (Los Angeles)	143,616	\$1,489,932.35	\$446,979.70	\$1,042,952.64
Long Beach (Los Angeles)	466,520	\$4,839,873.26	\$1,451,961.98	\$3,387,911.29
Los Angeles (Los Angeles)	3,834,340	\$39,779,044.10	\$11,933,713.23	\$27,845,330.87
Norwalk (Los Angeles)	103,720	\$1,076,034.59	\$322,810.38	\$753,224.21
Palmdale (Los Angeles)	140,882	\$1,461,568.69	\$438,470.61	\$1,023,098.08
Pasadena (Los Angeles)	143,400	\$1,487,691.47	\$446,307.44	\$1,041,384.03
Pomona (Los Angeles)	152,631	\$1,583,457.72	\$475,037.32	\$1,108,420.41
Santa Clarita (Los Angeles)	169,951	\$1,763,142.63	\$528,942.79	\$1,234,199.84
Torrance (Los Angeles)	141,420	\$1,467,150.13	\$440,145.04	\$1,027,005.09
West Covina (Los Angeles)	106,388	\$1,103,713.53	\$331,114.06	\$772,599.47
Salinas (Monterey)	143,517	\$1,488,905.28	\$446,671.58	\$1,042,233.70
Anaheim (Orange)	333,249	\$3,457,264.27	\$1,037,179.28	\$2,420,084.99
Costa Mesa (Orange)	108,978	\$1,130,583.27	\$339,174.98	\$791,408.29
Fullerton (Orange)	132,066	\$1,370,107.83	\$411,032.35	\$959,075.48
Garden Grove (Orange)	165,610	\$1,718,107.29	\$515,432.19	\$1,202,675.10
Huntington Beach (Orange)	192,885	\$2,001,069.52	\$600,320.86	\$1,400,748.67
Irvine (Orange)	201,160	\$2,086,917.83	\$626,075.35	\$1,460,842.48
Orange (Orange)	134,299	\$1,393,273.90	\$417,982.17	\$975,291.73
Santa Ana (Orange)	339,555	\$3,522,685.34	\$1,056,805.60	\$2,465,879.74
Roseville (Placer)	108,759	\$1,128,311.28	\$338,493.38	\$789,817.89
Corona (Riverside)	150,308	\$1,559,357.95	\$467,807.38	\$1,091,550.56
Moreno Valley (Riverside)	188,936	\$1,960,100.95	\$588,030.28	\$1,372,070.66
Riverside (Riverside)	294,437	\$3,054,612.37	\$916,383.71	\$2,138,228.66
Elk Grove (Sacramento)	131,212	\$1,361,248.07	\$408,374.42	\$952,873.65
Sacramento (Sacramento)	460,242	\$4,774,742.67	\$1,432,422.80	\$3,342,319.87
Fontana (San Bernardino)	183,502	\$1,903,726.37	\$571,117.91	\$1,332,608.46
Ontario (San Bernardino)	170,936	\$1,773,361.43	\$532,008.43	\$1,241,353.00
Rancho Cucamonga (San Bernardino)	170,266	\$1,766,410.57	\$529,923.17	\$1,236,487.40
San Bernardino (San Bernardino)	199,285	\$2,067,465.80	\$620,239.74	\$1,447,226.06
Victorville (San Bernardino)	107,221	\$1,112,355.42	\$333,706.63	\$778,648.80
Chula Vista (San Diego)	217,478	\$2,256,207.58	\$676,862.27	\$1,579,345.30
Escondido (San Diego)	136,246	\$1,413,472.89	\$424,041.87	\$989,431.02
Oceanside (San Diego)	168,602	\$1,749,147.54	\$524,744.26	\$1,224,403.28
San Diego (San Diego)	1,266,731	\$13,141,596.29	\$3,942,478.89	\$9,199,117.40
Stockton (San Joaquin)	287,245	\$2,979,999.56	\$893,999.87	\$2,085,999.69
Daly City (San Mateo)	100,882	\$1,046,591.99	\$313,977.60	\$732,614.39
San Jose (Santa Clara)	939,899	\$9,750,904.66	\$2,925,271.40	\$6,825,633.26
Santa Clara (Santa Clara)	109,756	\$1,138,654.57	\$341,596.37	\$797,058.20
Sunnyvale (Santa Clara)	131,140	\$1,360,501.11	\$408,150.33	\$952,350.78
Fairfield (Solano)	103,992	\$1,078,856.43	\$323,656.93	\$755,199.50
Vallejo (Solano)	115,552	\$1,198,784.69	\$359,635.41	\$839,149.29
Santa Rosa (Sonoma)	154,241	\$1,600,160.53	\$480,048.16	\$1,120,112.37
Modesto (Stanislaus)	203,955	\$2,115,914.33	\$634,774.30	\$1,481,140.03
Visalia (Tulare)	118,603	\$1,230,437.04	\$369,131.11	\$861,305.93
Oxnard (Ventura)	184,725	\$1,916,414.28	\$574,924.28	\$1,341,489.99
San Buenaventura (Ventura)	103,219	\$1,070,837.00	\$321,251.10	\$749,585.90
Simi Valley (Ventura)	120,464	\$1,249,743.83	\$374,923.15	\$874,820.68
Thousand Oaks (Ventura)	123,349	\$1,279,674.03	\$383,902.21	\$895,771.82
Totals	16,403,178	\$170,173,417	\$51,052,025	\$119,121,392

ESTIMATED QUALIFIED
ENERGY CONSERVATION
BOND APPORTIONMENTS
FOR COUNTIES

Eligible Counties	Gross Population	Net Population	Share of QECB Allocation	Share of Private Activity Use of QECB Allocation	Required Minimum Use of QECB Allocation for Governmental Projects / Programs
Alameda	1,453,646	608,503	\$6,312,864.19	\$1,893,859.26	\$4,419,004.93
Butte	218,185	218,185	\$2,263,542.29	\$679,062.69	\$1,584,479.60
Contra Costa	1,014,687	792,389	\$8,220,574.33	\$2,466,172.30	\$5,754,402.03
El Dorado	175,199	175,199	\$1,817,587.58	\$545,276.27	\$1,272,311.30
Fresno	894,748	424,240	\$4,401,242.89	\$1,320,372.87	\$3,080,870.02
Humboldt	128,614	128,614	\$1,334,295.34	\$400,288.60	\$934,006.74
Imperial	160,830	160,830	\$1,668,517.57	\$500,555.27	\$1,167,962.30
Kern	787,179	471,342	\$4,889,898.71	\$1,466,969.61	\$3,422,929.09
Kings	148,232	148,232	\$1,537,820.66	\$461,346.20	\$1,076,474.46
Los Angeles	9,807,870	3,760,980	\$39,017,976.83	\$11,705,393.05	\$27,312,583.78
Madera	145,654	145,654	\$1,511,075.41	\$453,322.62	\$1,057,752.79
Marin	246,932	246,932	\$2,561,775.67	\$768,532.70	\$1,793,242.97
Merced	244,218	244,218	\$2,533,619.50	\$760,085.85	\$1,773,533.65
Monterey	404,646	261,129	\$2,709,061.27	\$812,718.38	\$1,896,342.89
Napa	131,781	131,781	\$1,367,151.12	\$410,145.33	\$957,005.78
Orange	2,976,742	1,368,940	\$14,201,955.13	\$4,260,586.54	\$9,941,368.59
Placer	332,121	223,362	\$2,317,250.65	\$695,175.19	\$1,622,075.45
Riverside	2,064,365	1,430,684	\$14,842,513.17	\$4,452,753.95	\$10,389,759.22
Sacramento	1,380,232	788,778	\$8,183,112.31	\$2,454,933.69	\$5,728,178.62
San Bernardino	2,002,208	1,170,998	\$12,148,422.18	\$3,644,526.65	\$8,503,895.52
San Diego	2,959,734	1,170,677	\$12,145,091.99	\$3,643,527.60	\$8,501,564.39
San Francisco	799,185	799,185	\$8,291,078.87	\$2,487,323.66	\$5,803,755.21
San Joaquin	667,886	380,641	\$3,948,928.66	\$1,184,678.60	\$2,764,250.06
San Luis Obispo	261,766	261,766	\$2,715,669.78	\$814,700.93	\$1,900,968.84
San Mateo	701,675	600,793	\$6,232,877.43	\$1,869,863.23	\$4,363,014.20
Santa Barbara	402,092	402,092	\$4,171,470.29	\$1,251,441.09	\$2,920,029.20
Santa Clara	1,731,958	551,163	\$5,717,995.09	\$1,715,398.53	\$4,002,596.56
Santa Cruz	250,655	250,655	\$2,600,399.63	\$780,119.89	\$1,820,279.74
Shasta	179,068	179,068	\$1,857,726.20	\$557,317.86	\$1,300,408.34
Solano	407,042	187,498	\$1,945,182.54	\$583,554.76	\$1,361,627.78
Sonoma	462,290	308,049	\$3,195,828.94	\$958,748.68	\$2,237,080.26
Stanislaus	509,068	305,113	\$3,165,369.66	\$949,610.90	\$2,215,758.76
Tulare	419,172	300,569	\$3,118,228.30	\$935,468.49	\$2,182,759.81
Ventura	792,456	260,699	\$2,704,600.27	\$811,380.08	\$1,893,220.19
Yolo	194,634	194,634	\$2,019,214.38	\$605,764.31	\$1,413,450.07
Totals	35,456,770	19,053,592	\$197,669,919	\$59,300,976	\$138,368,943

Net Population: The population of large municipalities (100,000 or more) was taken out of a county's population to determine a county's fair share of the Qualified Energy Conservation Bond Allocation.

**RESOLUTION OF THE BOARD OF SUPERVISORS OF
COUNTY OF ORANGE APPROVING AND DESIGNATING AN
ECONOMIC RECOVERY ZONE FOR THE COUNTY OF
ORANGE PURSUANT TO THE AMERICAN RECOVERY AND
REINVESTMENT ACT OF 2009**

JANUARY 12, 2010

WHEREAS, Section 1401 of Title I of Division B of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009) ("ARRA"), added Sections 1400U-1 through 1400U-3 of the Internal Revenue Code of 1986, as amended (the "Code") authorizing state and local governments to issue Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds; and

WHEREAS, the County of Orange was directly allocated a total of \$74,330,000 to be dispersed in the following manner: \$29,732,000 in Recovery Zone Economic Development Bonds and \$44,598,000 in Recovery Zone Facility Bonds; and

WHEREAS, Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds may be issued before January 1, 2011, as provided in Section 1400U-1 of the Code, to finance certain economic development projects located within designated "recovery zones;" and

WHEREAS, Section 1400U-1(b) of the Code requires, in part, that issuers designate an eligible "recovery zone;" and

WHEREAS, pursuant to Section 1400U-1(b) of the Code, the term "recovery zone" means (i) any area designated by the County as having significant poverty, unemployment, rate of home foreclosures, or general distress, (ii) any area designated by the County as economically distressed by reason of the closure or realignment of a military installation pursuant to the Defense Base Closure and Realignment Act of 1990, and (iii) any area for which a designation as an empowerment zone or a renewal community is in effect; and

WHEREAS, I.R.S. Notice 2009-50 provides that for the purposes of any state, county or large municipality that receives an allocation of Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds may make these designations of "recovery zones" in any reasonable manner as it shall determine in good faith at its discretion; and

WHEREAS, the recent economic downturn has caused a decline in property and sales taxes; and

WHEREAS, the County's unemployment rate reached a high of 9.6 percent in October 2009, 0.1 percent lower than the U.S. unemployment rate; and

WHEREAS, the County had the 3rd highest number of unemployed (156,200) in October 2009 behind Los Angeles and San Diego Counties; and

WHEREAS, in a 12-month period (October 2008 to 2009), over 13,000 employees were reported to be impacted in mass layoffs in Orange County under the California Worker Adjustment and Retraining Notification Act; and

WHEREAS, there are public and private projects within the County that meet eligibility criteria for Recovery Zone financing for Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds.

NOW, THEREFORE, BE IT RESOLVED, the Orange County Board of Supervisors

Section 1. The Board of Supervisors hereby finds and determines that the County of Orange suffers from the following conditions of economic distress ("Underlying Conditions of Distress"):

(1) there has been a decline in property and sales taxes negatively impacting the General Purpose Revenue and Program Revenue, which has required Countywide reductions in Net County Cost for all General Fund departments, consequently resulting layoffs, work furloughs, and reductions in the governmental services provided by the County.

(2) the County's unemployment rate reached a high of 9.6 percent, 0.1 percent lower than the U.S. unemployment rate. Unemployment rose sharply from 4.2 percent in November of 2007 to 9.4 percent in November of 2009.

(3) the County had the 3rd highest number of unemployed (156,200) in October 2009 behind Los Angeles and San Diego Counties.

(4) in a 12-month period (October 2008 to 2009), over 13,000 employees were reported to be impacted in mass layoffs in Orange County under the California Worker Adjustment and Retraining Notification Act.

(5) from 2007 to 2009, foreclosures on homes increased from almost 4,200 to over 7,700; from 2007 to 2009, defaults by homeowners on their loans more than doubled, from roughly 13,800 to over 28,000.

(6) Orange County Assessed Values for fiscal year 2009-10 are 1.23 percent lower than fiscal year 2008-09. Furthermore the Consumer Price Index growth is negative for October 2008 to 2009, which will impact Assessed Valuation for fiscal year 10-11.

(7) over 100,000 residents, including nearly 30,000 children under the age of 6, now receive food stamps.

(8) the County has been impacted by the decline in financial resources available to the governmental programs funded by the County General Funds resulting in an impact to services to the community.

Section 2. The Board of Supervisors finds and determines that, as a result of the Underlying Conditions of Distress, the County has experienced a significant level of unemployment, home foreclosures, and general distress, impacting many residents.

Section 3. The Board of Supervisors hereby designates all of Orange County as a "Recovery Zone" for purposes of Sections 1400U-1, 1400U-2 and 1400U-3 of the Code, as amended by the American Recovery and Reinvestment Act of 2009.

Section 4. The Board of Supervisors find that the "Recovery Zone" described above meets the requirements of Section 1400U-1 of the Code.

Section 5. The Chair or Vice Chair of the Board, the County Executive Officer, the County Chief Financial Officer, or the County Public Finance Manager or any designee thereof (each an "Authorized Officer") are each hereby authorized and directed, jointly and severally, to do any and all things, and to execute and deliver any and all other documents that they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing approved hereby.