



November 10, 2009

Success! Proposition 1A Securitization Bonds Sold - Counties Held Harmless From Property Tax Loan

Today, the California Statewide Communities Development Authority (CSCDA) and the Proposition 1A Securitization Program Team announced that a total \$1.895 billion in Proposition 1A Securitization bonds have been sold. The bonds were offered yesterday and today to retail and institutional investors at a 4% interest rate. A total of 1,457 local agencies participated. When property taxes are transferred to the State Revenue Augmentation Fund in January and May 2010, an immediate transfer of funds from the bond sale will be made to each local agency, meaning they will receive 100% of their Proposition 1A receivable.

It is difficult to describe the magnitude and complexity of this transaction. The significant efforts involved in ensuring the appropriate construction, communication, and coordination of preparing this bond sale have been nothing short of awesome. Imagine the time and energy involved in 1,457 separate receivable sales put together into a single bond in a six-week period! The financing team, CSCDA, the State Treasurer's Office, and Department of Finance have accomplished a feat like no other and we are grateful for their tireless efforts.

Working together, we have achieved an important task for California's counties, cities, and special districts. Furthermore, through the cooperation of the State Treasurer's Office and Department of Finance, and the clean-up legislation adopted in October, we were able to structure this program in a manner that saved the State of California \$200 million in interest costs. A job well done!

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