RECOMMENDED ACTION AND JUSTIFICATION:

(-policy item: Yes ___ No ___ x___)

Adopt the Resolution of Intent for Mariposa County’s Potential Participation in the Tobacco Securitization Program. The California Statewide Communities Tobacco Securitization Pool requires that counties wanting to participate in the Securitization Program adopt a non-binding Resolution of Intent. The underwriters of the Securitization Program need to know what counties are wanting to participate in order to structure the program and to develop a financial analysis for each county. The legal documents and detailed financial analysis will be presented for the Board’s consideration during the first part of December 2000. At this time the Board will be obligated to opt in or out of the program.

BACKGROUND AND HISTORY OF BOARD ACTIONS:

LIST ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

Do not adopt the Resolution of Intent. Mariposa County will not be able to participate in the Tobacco Securitization Program.

COSTS:

[Table]

SPECIAL INSTRUCTIONS:

List the attachments and number the pages consecutively:

Resolution of Intent

ADMINISTRATIVE OFFICER’S RECOMMENDATION:

This item on agenda as:

[Dropdown]

Recommended
Not Recommended
For Policy Determination
Submitted with Comment
Returned for Further Action

Comment:

CAO’s Initials:

X:\coadm\maryh\winword\agenda\tob securitization intent

Action Form Revised 5/92
MARIPOSA COUNTY RESOLUTION NO. 00-374

APPROVING IN CONCEPT THE SALE OF ITS TOBACCO SETTLEMENT REVENUES FOR PURPOSES OF SECURITIZING SUCH REVENUES AND PARTICIPATION IN THE CALIFORNIA STATEWIDE COMMUNITIES TOBACCO SECURITIZATION POOL; AND DIRECTING AND AUTHORIZING APPROPRIATE COUNTY STAFF TO UNDERTAKE ACTIONS PRELIMINARY THERETO

WHEREAS, a variety of litigation actions against tobacco manufacturers to recover tobacco-related health costs were settled and memorialized in a Master Settlement Agreement (the MSA) among 46 states, including the State of California (the State), the District of Columbia and three United States territories (collectively, the Participants) and tobacco manufacturers which represent nearly all of the current United States market (the Manufacturers);

WHEREAS, under the MSA, the Manufacturers are required to make tobacco settlement payments (TSPs), based upon their market share, which are distributed among the Participants principally based upon cigarette consumption within each Participant’s jurisdiction;

WHEREAS, in accordance with a Memorandum of Understanding regarding the TSPs and an Agreement Regarding the Interpretation of the MOU, each among the State, certain cities within the State and the 58 counties within the State, the TSPs that are allocated to the State under the MSA are split 50 percent to the State, 5 percent to the four major cities (Los Angeles, San Diego, San Francisco, and San Jose) and 45 percent to the counties, including the County of Mariposa (the County);

WHEREAS, certain payments under the MSA are to be paid in perpetuity, but payment of the TSPs is not guaranteed and the TSPs could be reduced by withdrawal of participating tobacco manufacturers from the settlement, bankruptcy of participating tobacco manufacturers, loss of market share by participating tobacco manufacturers, diverse and significant ongoing or new litigation risks, possible federal tobacco legislation, reduced consumption of tobacco products or changes in population among California counties;

WHEREAS, to minimize the County’s exposure to such risks and to realize a significant percentage of the present value of the forecasted TSPs, the County is considering the sale of the County’s rights to receive its allocated TSPs in an asset securitization transaction (a Securitization);

WHEREAS, the complexity of a Securitization and the related costs in time, money, and staffing may be prohibitive, and the relative size of a Securitization by the County may result in higher interest rates and/or less proceeds;

WHEREAS, the California Statewide Communities Development Authority (the Authority), a California joint powers agency organized by the California State Association of
 Counties, has undertaken a pooled tobacco securitization program (the Program) for the benefit of the counties in the State expected to receive TSPs, and the Authority is in the process of establishing certain entities required for the implementation of the Program, including an entity to purchase the County’s TSPs and a joint powers authority that will assist in the issuance of securities in order to provide funds for the purchase of the TSPs and for the operation of the Program; and

WHEREAS, the County has preliminarily determined that participation in the Program will provide public benefits to the County and its residents by minimizing risks, maximizing the present value of its TSPs and lowering overall costs, thereby making more funds available for public purposes;

NOW THEREFORE, the Board of Supervisors of the County of Mariposa hereby finds, determines, declares, and resolves as follows:

Section 1. All of the recitals above set forth are true and correct, and the Board of Supervisors hereby finds and determines.

Section 2. The County hereby declares its intent to securitize its TSPs and to participate in the Program; provided that this declaration does not bind the County to sell any TSPs, make any expenditure, incur any indebtedness, or proceed with the Securitization; and provided, further, that any sale of TSPs, Securitization or participation in the Program will be subject to approval by this Board of Supervisors at a future meeting.

Section 3. The County Administrative Officer and other appropriate County officers, directors, and employees are hereby authorized and directed, jointly and severally, to cause to be prepared such documentation and reports as they shall determine necessary, in consultation with County Counsel, for review and consideration by this Board of Supervisors in order to securitize the County’s TSPs and to participate in the Program, and to do any and all things they deem necessary or advisable in order to otherwise effectuate the purpose of this Resolution and the transactions contemplated hereby.

Section 4. This Resolution shall take effect from and after its adoption and approval.
PASSED AND ADOPTED by the Board of Supervisors of the County of Mariposa, State of California, this 24th day of October, 2000, by the following vote:

AYES: REILLY, BALMAIN, STEWART, PICKARD
NOES: None
ABSENT: PARKER
ABSTAINED: None

[Signature]
GARRY R. PARKER, Chairman

ATTEST:

[Signature]
MARGIE WILLIAMS, Clerk of the Board

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

[Signature]
JEFFREY C. GREEN, County Counsel