I. Introduction to Stone & Youngberg
Introductions

Eileen Gallagher
Managing Director
San Francisco
Phone: (415) 443-5006
Fax: (415) 443-5023
Email: egallagher@syllc.com
One Ferry Building, Suite 275
San Francisco, CA 94111

- 10+ years with Stone & Youngberg
- Land-secured, redevelopment, enterprise revenue and general government finance experience
- Recent clients include Hollister, Lodi, Millbrae, San Jose, Sacramento County, Sacramento County Water Agency, Contra Costa County Redevelopment Agency, and the California Infrastructure and Economic Development Bank
- B.A., Brown University; M.B.A., Northwestern University’s Kellogg Graduate School of Management

Anna Van Degna
Assistant Vice President
San Francisco
Phone: (415) 445-2681
Fax: (415) 445-2395
Email: avandegna@syllc.com
One Ferry Building, Suite 275
San Francisco, CA 94111

- 9 years of experience in investment banking
- Joined Stone & Youngberg in 2002
- Recent clients include the Bay Area Toll Authority, the Dublin San Ramon Services District, the city and county of San Francisco and the cities of Brea, Fresno, Sacramento and Stockton
- Cornell University, B.S.; Coro Foundation Fellow
Unparalleled California Municipal Finance Experience

- **Firm Overview**
  - Established in 1931
  - Core business: municipal finance
  - 78 years of financing infrastructure

- **Most Active California Firm**
  - 726 transactions underwritten since 2004
  - $16.6 billion in par amount

- **Largest Municipal Trading Floor on the West Coast**
  - Headquartered in San Francisco Ferry Building
II. Sutter County

Financing Considerations for Sutter County
County’s Financing Needs?

- **County Capital Projects**
  - New Health and Human Services building ($12.5 million)
  - New Animal Shelter ($3.5 million)
  - $30.2 million in road projects (includes $23 million for road rehab)
  - $2.9 million in water projects (majority for Robbins water system improvements)

- **Prospects for Economic Stimulus funding?**

- **Measure M / Sutter Pointe**

- **Impact of economy and State Budget on County revenue sources?**
Typical Financing Options for County Infrastructure

- **General Obligation Revenues**
  - Tax on assessed value of properties
  - Typically strongest credit with debt paid from property taxes
  - Requires 2/3rds vote of electorate

- **Sales Tax Revenues**
  - Tax on sale of certain goods within County in addition to current tax rate
  - Credit depends up volatility of revenues, depth and breadth of retail market
  - Requires 2/3rds vote for specific projects, majority vote for general uses

- **General Fund Lease Revenues**
  - No new revenue stream created or necessarily required
  - Requires leasable County asset (either existing or to be financed)
  - Typically strong credit with debt paid from general fund appropriations
  - No public vote required
Alternative Financing Options for Infrastructure

- **Enterprise Fund Revenues**
  - No new revenue stream created or necessarily required
  - Typically reasonably strong credit with debt paid from stand-alone enterprise
  - No public vote required

- **Mello Roos Community Facilities Districts**
  - Special tax lien on property
  - Typically non-rated credit when used to fund capital for new developments
  - May be stronger credit when used for enhancements to existing development
  - Can be used to fund *incremental* services
  - Requires 2/3rd vote of property owners or voters if >12 residents in district

- **Benefit Assessment Districts**
  - Special assessment on property based on proportional benefit received from project
  - May be non-rated or rated credit, depending upon development status of district
  - Requires 50+% support (public notice and majority protest process)
County General Fund Credit Considerations

- **Initial Credit Observations**
  - Substantial reserve balances (132% of expenditures)
  - Very low debt burden (Approximately $22 per capita)
  - Moderate income levels (Household Effective Buying Income = 83% of State)
  - Impact of economic downturn?
    - High unemployment rate (15.3%)
    - Limited economic base (Agricultural)

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**County Credit Factors**

- **General Characteristics**
  - Location & Size
  - Growth

- **Local Economy**
  - Employment base
  - Wealth levels (EBI, Median Income)

- **Tax Base Statistics**
  - Diversity
  - Assessed Value Per Capita
  - Growth in AV

- **Financial Factors**
  - Debt burden

- **Fund Balance**
  - Reserve Policy

- **Other Factors**
  - Prudent Financial Management
  - Pension & OPEBs
## S&P California County Medians

<table>
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<tr>
<th>County</th>
<th>S&amp;P Rating</th>
<th>Population</th>
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**Notes:**
(1) ICR and App are the abbreviation for appropriation debt and issuer Credit Rating, respectively. Appropriation debt ratings are typically 1 notch below ICRs.
(2) Data sources include the California Dept of Finance, the County's 2007 CAFR, the Sutter County Assessment Practices Survey and a 2007 Yuba CCD S&P report.
(3) Comparable statistics as of December 2007 unless otherwise noted.
Sutter County Financing Considerations

- **Currently outstanding general fund obligations**
  - State loans (~$120,000 outstanding)
    - Approximately $30,000 of annual debt service
  - 1991 Certificates of Participation ($2,030,000 outstanding)
    - Annual debt service of approximately $250,000

- **Estimated Annual Debt Service to finance capital needs:***
  - $12.5M Health & Human Services Building ~$1,090,000
  - $3.5M Animal Shelter ~$315,000

- **Estimated General Fund capacity for additional debt service**

  FY2007 - General Fund Revenues & Expenditures

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  (1) Does not include debt service or capital costs

*Assumes 30 years of level debt services and tax-exempt "A" rated COP rates as of 2/3/09. AA ratings would result in annual debt service of approximately $970,000 and $290,000 to finance the Health & Human Services building and the Animal Shelter, respectively.