



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: January 28, 2026

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TO: Board of Supervisors

SUBJECT

APPROVAL OF THE DELIVERY AND EXECUTION OF RELATED FINANCING DOCUMENTS FOR THE COUNTY OF SAN DIEGO CERTIFICATES OF PARTICIPATION, 2026 SERIES A, MULTIPLE CAPITAL PROJECTS (DISTRICTS: ALL)

OVERVIEW

On June 24, 2025 (6), the Board of Supervisors (Board) adopted the Fiscal Year 2025–26 Operational Plan, which included appropriations for: (a) \$11.9 million for the Stormwater Program for the design and construction of large-scale (regional) green infrastructure and other stormwater projects to meet statewide stormwater mandates; (b) \$30.5 million for various Major Maintenance projects; (c) \$14.0 million for Climate Action Plan projects; and (d) \$14.3 million for the acquisition of a helicopter. On October 21, 2025 (5), the Board approved an additional \$23.8 million for the helicopter, increasing its total cost to \$38.6 million (collectively, the “Project”).

Appropriations have been established in Fiscal Year 2025–26 through the Operational Plan and the mid-year Board action of \$95 million for completion of these projects. The proposed funding source will be proceeds of the sale from the execution and delivery of Certificates of Participation (COPs) by the Trustee pursuant to the Trust Agreement (as defined below). County of San Diego (County) staff briefed the Debt Advisory Committee (DAC) at the November 10, 2025 DAC meeting regarding the Project and the proposed funding through the issuance of COPs (the “2026A COPs”). DAC voted unanimously for staff to move forward with this financing. In the same way that San Diego County Capital Asset Leasing Corporation (SANCAL) has assisted the County in prior financings, SANCAL will act as sublessor under a Facility Lease (as defined below) relating to the 2026A COPs.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

Adopt the Resolution entitled:

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO PROVIDING FOR THE EXECUTION AND DELIVERY OF A MASTER SITE LEASE, A MASTER FACILITY LEASE, A MASTER TRUST AGREEMENT, A NOTICE INVITING BIDS, A PURCHASE CONTRACT, AND A CONTINUING DISCLOSURE AGREEMENT,

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APPROVING THE EXECUTION AND DELIVERY OF COUNTY OF SAN DIEGO CERTIFICATES OF PARTICIPATION, 2026 SERIES A (MULTIPLE CAPITAL PROJECTS) EVIDENCING PRINCIPAL IN AN AGGREGATE AMOUNT OF NOT TO EXCEED \$100,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH CERTIFICATES AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS RELATED THERETO

EQUITY IMPACT STATEMENT

Approval of the financing documents and delivery of the 2026A Certificates of Participation will allow for successful completion of the Projects. Today's action will continue equitable distribution of facilities that provide critical services for some of the region's most vulnerable and under-served populations.

SUSTAINABILITY IMPACT STATEMENT

Today's action supports the County of San Diego's sustainability goals of engaging the community, sustainable facility construction, improved access and removal of barriers for persons of all abilities, and resiliency by ensuring the capability to respond to the needs of our region.

FISCAL IMPACT

Funds for this request were partially included in the Fiscal Year 2025-26 Operational Plan in Finance Other with the remainder added through mid-year Board action. If approved, staff will proceed with the sale and delivery of the 2026A Certificates of Participation (COP's), either through competitive or negotiated sale, evidencing an aggregate principal amount of Base Rental Payments (as defined in the Facility Lease) not-to-exceed \$100,000,000, related to the multiple capital projects. Proceeds will be used to fund i) estimated costs for the acquisition, construction, and installation of the Project in the amount of \$94.5 million ii) \$0.9 million for underwriters' discount, title insurance, and other costs of issuance. The remaining estimated, not-to-exceed amount of approximately \$4.6 million is to account for any changes in the bond market between now and the time of pricing the 2026A COPs as well as cover the April 2026 interest payment. If sold through a competitive sale, the 2026A COPs will be awarded to the purchaser presenting the lowest interest rate in accordance with the Notice Inviting Bids as of the time of sale. If conditions permit, the County of San Diego (County) could switch to a negotiated sale of the 2026A COPs.

If approved, this recommendation will result in annual Base Rental Payments of approximately \$6.9 million beginning in Fiscal Year 2026-27 through Fiscal Year 2046-47. Required Base Rental Payments will be appropriated in future Operational Plans. The actual amount of the annual and total Base Rental Payments will be known when the County prices the 2026A COPs and the actual interest rates and costs are finalized.

The proposed lease structure requires that the amount of annual Base Rental Payments (representing annual debt service payments on the 2026A COPs) shall reasonably equate to the current fair rental value of the leased property. The County-owned land and improvements to be

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leased to support that conclusion will include two office buildings in the County Operations Center, which in the aggregate have been determined by County staff to have more than sufficient fair rental value for such purpose. The leased property will be finalized prior to the sale of the 2026A COPs.

Pursuant to California Senate Bill No. 450, which requires certain public disclosures in connection with the proposed financing, a good faith estimate of the finance charge for the 2026A Certificates of Participation includes all costs of issuance (including rating agency fees, bond counsel, disclosure counsel, municipal advisory services, title insurance, and related expenses) as well as the underwriter's discount, and is estimated to be \$840,000.

There will be no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

The Debt Advisory Committee, composed of the Chief Financial Officer, the Auditor and Controller and the Treasurer-Tax Collector, concurs with today's recommendation.

BACKGROUND

On April 8, 2025 (21), the Board approved the Capital Improvement Needs Assessment (CINA) that includes all planned projects over a five-year period that require funding. The approved CINA included (a) the costs for the Stormwater Program design and construction of large-scale (regional) green infrastructure projects and other stormwater projects in the amount of \$11.9 million identified to meet statewide stormwater mandates. On March 14, 2025, the Facilities Planning Board approved the Fiscal Year 2025-26 Major Maintenance Implementation Plan (MMIP) that included (b) the costs of various Major Maintenance Capital Outlay Fund projects in the amount of \$22.5 million, and (c) the costs of various Major Maintenance Internal Service Fund projects in the amount of \$8.0 million for a total of \$30.5 million.

County of San Diego (County) staff has been working with our financing team towards the issuance of the 2026A Certificates of Participation (COPs) to provide funding for the Projects. Below describes the projects to be funded.

Project	Description	Amount
Stormwater Program	Design and construct large-scale (regional) green infrastructure projects and other stormwater projects identified to meet statewide stormwater mandates	\$11.9M
Various Major Maintenance Projects	Includes projects to repair or replace important assets to prevent failures, reduce long-term costs, and extend the life of essential infrastructure.	\$30.5M

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Climate Action Plan Projects	Supports the implementation of active transportation improvements that enhance safety and accessibility for bicyclists and pedestrians. Projects include bike lanes, lane re-striping, roadway widening and sidewalks in various districts.	\$14.0M
Helicopter	Purchase a Sikorsky S70 Firehawk Helicopter including outfitting to be used by CAL FIRE to fight wildland fires	\$38.6M
		Total \$95.0M

Summary of 2026A COPs Document Forms Presented for Approval

The financing documents related to the 2026A COPs which are being recommended for approval through adoption of the resolution in the recommendation are as follows:

Trust Agreement. By and among Zions Bancorporation, National Association, as trustee (Trustee), the County and SANCAL. This document will engage the Trustee and provide the legal structure and terms for payment and prepayment of the 2026A COPs. Provides direction to the Trustee and the County regarding the administration of the 2026A COPs until final maturity.

Site Lease. By and between the County and SANCAL. This document provides the terms by which the County leases the leased premises to SANCAL.

Facility Lease. By and between SANCAL and the County. This document provides the terms by which SANCAL leases the leased premises to the County. It is these lease payments that the County makes to SANCAL that will be used to repay the 2026A COPs as specified in the Facility Lease.

Memorandum of Assignment. By and between SANCAL and the Trustee. This document assigns and transfers to the Trustee, for the benefit of the owners of the 2026A COPs, the rights of SANCAL under the Facility Lease, including the right to receive Base Rental Payments under the Facility Lease.

Notice Inviting Bids. This is the document that describes the parameters of the transaction to the underwriting firms that will bid on the 2026A COPs.

Purchase Contract. By and between the County and the Underwriters for the purchase of the 2026 COPs if the COPs need to be sold on a negotiated basis. The Chief Financial Officer will determine whether the 2026 COPs shall be offered for public sale or sold by negotiated sale. This contract will be executed at the time of the pricing and sale of the 2026 COPs and will specify the pricing of the 2026 COPs and terms for payment of the purchase price of the 2026 COPs.

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Notice Intention to Sell. This is a notification that the County intends to sell the 2026A COPs that is required to be published in an industry newspaper.

Preliminary Official Statement. This is the preliminary offering document related to the 2026A COPs, and together with Appendix A provides key financing and credit information to potential investors and includes limited information about SANCAL and its role as lessee under the Site Lease and sublessor under the Facility Lease. The document is referred to as preliminary because when released to potential investors it will not yet contain pricing information for the 2026A COPs. The County will execute the final Official Statement which will include pricing information.

Continuing Disclosure Agreement. By and between the County and the financial disclosure dissemination agent. This agreement provides the terms by which the County agrees to provide ongoing disclosure with beneficial owners of the 2026A COPs, including specific content to be provided annually or upon occurrence.

The County intends to offer the 2026 COPs through a public sale, utilizing a Notice Inviting Bids and a Notice of Intention to Sell. The Chief Financial Officer is authorized to determine whether the 2026 COPs should instead be sold through a negotiated sale, pursuant to a Purchase Contract, if such method is deemed more advantageous based on prevailing market conditions. In such event, the sale may be conducted with one or more underwriters selected by the County. The County currently retains Bank of America, N.A., Loop Capital Markets, and Barclays Capital Inc. as underwriters.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the Sustainability (Economy) Strategic Initiative in the County of San Diego's 2026-31 Strategic Plan by supporting and allowing the delivery of the 2026 COPs to finance the Projects. Using lease revenue financing such as the 2026A COPs leverage alternative funding sources while retaining fiscal stability of unassigned general fund dollars.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

1. RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO PROVIDING FOR THE EXECUTION AND DELIVERY OF A MASTER SITE

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LEASE, A MASTER FACILITY LEASE, A MASTER TRUST AGREEMENT, A PURCHASE CONTRACT AND A CONTINUING DISCLOSURE AGREEMENT, APPROVING THE EXECUTION AND DELIVERY OF COUNTY OF SAN DIEGO CERTIFICATES OF PARTICIPATION, 2026 SERIES A MULTIPLE CAPITAL PROJECTS EVIDENCING PRINCIPAL IN AN AGGREGATE AMOUNT OF NOT TO EXCEED \$100,000,000, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERING AND SALE OF SUCH CERTIFICATES AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS RELATED THERETO

2. Form of Trust Agreement
3. Form of Facility Lease
4. Form of Site Lease
5. Form of Memorandum of Assignment
6. Form of Notice of Intention to Sell
7. Form of Purchase Contract
8. Form of Notice Inviting Bids
9. Form of Preliminary Official Statement and Appendix A
10. Form of Continuing Disclosure Agreement