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Proposed \$48 Million State Budget Cut Would Impact Orange County Bond Financing

Bond Financing Is Needed To Support On-Going Operations and Services

(Santa Ana, CA) — A \$48 million cut to funding for Orange County that is included in the proposed State Budget agreement would impact the County's ability to issue short term debt that provides cash flow to support critical County services and operations.

Orange County is currently in the process of issuing \$150 million in Tax and Revenue Anticipation Notes that allow the County to cover cash flow shortfalls. The County is also borrowing \$120 million to provide funding to the County and other local governments until property tax revenues are received. In the worst case scenario, a \$48 million cut in State funding would adversely affect the County's financial condition and jeopardize the County's ability to borrow these funds. If financing can be obtained, the State's action could greatly increase the interest rates the County will pay and unravel the balanced budget approved by the Board of Supervisors on June 28, 2011.