



Napa County

Board Agenda Letter

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Board of Supervisors

Agenda Date: 5/4/2021

File ID #: 21-211

TO: Board of Supervisors
FROM: County Executive Office
REPORT BY: Helene Franchi, Deputy County Executive Officer
SUBJECT: Resolution Authorizing Issuance and Sale of Napa Valley Unified School District Tax and Revenue Anticipation Notes

RECOMMENDATION

County Executive Officer requests adoption of a resolution authorizing the Napa Valley Unified School District to borrow funds for Fiscal Year 2021-2022 and for the issuance and sale of 2021-2022 Tax and Revenue Anticipation Notes (TRANS) in a principal amount not to exceed \$35,000,000.

EXECUTIVE SUMMARY

Pursuant to Section 53850 et seq. of the California Government Code, the County is authorized to issue, and offer for sale, Tax and Revenue Anticipation Notes (TRANS) in the name of Napa Valley Unified School District (the "District") upon the Board of Education's request. The borrowed funds may then be used and expended for any purpose for which a school district is authorized to spend money. On April 22, 2021, the District's Board of Education adopted a resolution requesting that the Board of Supervisors authorize the issuance of, and offer for sale, TRANS in the name of the District for fiscal year 2021-2022 in the principal amount of not to exceed \$35,000,000.

The principal amount of the TRANS, together with the interest thereon, shall be payable from taxes, revenue, and other moneys received by the District for the general funding of the District for fiscal year 2021-2022.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Pursuant to Section 53850 et seq. of the California Government Code, school districts organized and existing under the laws of the State of California are authorized to borrow money by the issuance of Tax Revenue Anticipation Notes (TRANS). Those proceeds may then be used and expended for any purpose for which the school district is authorized to spend money.

A school district that has not been accorded fiscal accountability status under Section 42647 or 42650 of the Education Code may have TRANS issued in its name by the board of supervisors of the county in which the district is located. To initiate that process, the governing board of the school district first adopts a resolution requesting the county assist in such borrowing.

The Board of Education of the Napa Valley Unified School District (the "District") adopted such a resolution on April 22, 2021, requesting that the Board of Supervisors authorize the issuance of and offer for sale the TRANS in the name of the District for fiscal year 2021-2022 in the principal amount of not to exceed \$35,000,000. A copy of the April 22, 2021 resolution is attached to this item.

The principal amount of the TRANS, together with the interest thereon, shall be payable from taxes, revenue, and other moneys that will accrue to the District during fiscal year 2021-2022 on a priority basis. The manner in which these moneys are pledged is more fully set forth in the District and County resolutions.

The District anticipates that the Notes will be sold by negotiated sale.

The District's resolution provides that the District agrees to defend, indemnify, and hold harmless the County as a result of the County's participation in the TRANS process. Government Code section 53853 also provides that neither the county board of supervisors, the county treasurer, nor the county auditor shall be deemed to have any fiduciary responsibility with regard to any note(s) issued pursuant to the TRANS process. The County resolution further provides that the County shall have no responsibility or liability for the transactions related to the TRANS or the use of the proceeds by the District. Furthermore, the Treasurer and Auditor-Controller have control of the funds and will ensure the pledged revenues are used to satisfy the obligations represented by the TRANS. Given these safeguards, issuing the requested TRANS in the District's name does not create any foreseeable liability exposure to the County.

SUPPORTING DOCUMENTS

Resolutions

CEO Recommendation: Approve