

**RESOLUTION NO.**

**RESOLUTION OF THE NAPA COUNTY BOARD OF SUPERVISORS  
SELECTING THE REVENUE & TAXATION CODE SECTION 4703.2  
METHOD FOR CALCULATING THE MINIMUM BALANCE THAT MUST  
EXIST IN THE TAX LOSSES RESERVE FUND UNDER THE “TEETER  
PLAN”, APPROVING ISSUANCE OF A NOTE TO FUND PAYMENT OF  
CERTAIN DELINQUENT TAXES, AND AUTHORIZING THE CHAIR AND  
CLERK OF THE BOARD OF SUPERVISORS TO SIGN THE NOTE**

**WHEREAS**, the Napa County Board of Supervisors (the “Board”) adopted Resolution No. 93-79 on July 13, 1993, to approve and implement the alternative method of property tax allocation specified in Revenue and Taxation Code Sections 4701 *et seq.* (the “Teeter Plan”) in Napa County; and

**WHEREAS**, use of the Teeter Plan requires the creation of a Tax Losses Reserve Fund (“Fund”); and

**WHEREAS**, the Board thereafter amended Resolution No. 93-79 by Resolution 94-36 to not include assessments in Napa County’s implementation of the Teeter Plan; and

**WHEREAS**, pursuant to state law there are two methods of creating a Tax Losses Reserve Fund: the first method is described in Revenue and Taxation Code Section 4703 (“Section 4703 method”) and the second method is described in Revenue and Taxation Code Section 4703.2 (“Section 4703.2 method”); and

**WHEREAS**, according to the Section 4703 method, the Fund must contain a minimum balance equal to 1% of the total of all taxes levied on the secured roll for the fiscal year involved for participating entities in the County before excess monies from the Fund can begin to accrue to the County’s general fund, except prior to October 31st of any given fiscal year, the County may elect to use the alternate Section 4703.2 method for calculating the minimum balance of the Fund before the excess may be diverted for general fund uses; and

**WHEREAS**, according to the Section 4703.2 method, a minimum fund balance must be maintained in an amount not less than twenty-five percent (25%) of the total delinquent secured taxes for participating entities in the County as calculated at the end of the fiscal year; and

**WHEREAS**, Revenue and Taxation Code Section 4703.2(a) provides that once an election has been made to utilize the Section 4703.2 method of computing the minimum balance of the Fund, that method shall continue to be used unless the Board of Supervisors adopts a Resolution on or before October 31<sup>st</sup> of a fiscal year electing to compute the minimum balance to be maintained in the Fund in the manner set forth in Section 4703; and

**WHEREAS**, regardless of the method selected to compute the minimum balance that must be maintained in the Fund, the Teeter Plan requires the County to pay each participating taxing jurisdiction one hundred percent (100%) of all taxes due to that entity, regardless of whether such taxes have been collected by the County or are delinquent; and

**WHEREAS**, based upon the recommendation of the Napa County Auditor-Controller (“Auditor”) the Board of Supervisors has in some years adopted the Section 4703.2 method and in other years adopted the Section 4703 method; and

**WHEREAS**, in 2023 the Board of Supervisors adopted the Section 4703.2 method, and the Auditor-Controller recommends a continuation of the Section 4703.2 method for 2024 as it results in a lower reserve; and

**WHEREAS**, the Board also believes that use of the Section 4703.2 method is in the best interest of Napa County; and

**WHEREAS**, the Board wishes to issue a note to fund the payment of fiscal 2023-2024 delinquent taxes;

**NOW, THEREFORE, BE IT RESOLVED** by the Napa County Board of Supervisors as follows:

1. Tax Loss Reserve Fund Election. For the 2024-2025 fiscal year, and thereafter until the Board takes further action to change its election, the minimum balance in the Fund shall be equal to 25 percent (25%) of the total delinquent secured roll net of direct charges for participating entities in the County as calculated at the end of the fiscal year, all in accordance with Section 4703.2 of the Revenue and Taxation Code.
2. Creation of 2024 Teeter Repayment Fund. In connection with the issuance of the Note (defined below), the Napa County Auditor-Controller shall establish a 2024 Teeter repayment fund (“2024 Repayment Fund”). All moneys collected constituting fiscal 2023-2024 delinquencies shall be deposited in the 2024 Repayment Fund after receipt by the tax resources fund unless required by law to be deposited in the tax losses reserve fund. In addition, \$243,478 shall be deposited in the 2024 Repayment Fund as a reserve, and the Auditor-Controller is hereby directed and authorized to transfer the necessary funds for this purpose.
3. Issuance of a Note to Fund Payment of 2023-2024 Delinquent Taxes. The Board hereby authorizes issuance of a note (“Note”) in the amount of \$8,115,935 in the form set forth in Exhibit ‘A’, attached hereto and by reference incorporated herein, to fund the payment to participating jurisdictions of outstanding delinquencies of fiscal year 2023-2024 taxes as of June 30, 2024. The term of the Note shall be from the date of execution until September 1, 2029. Interest on the Note shall be payable at a variable rate, adjusted annually, based on the interest rate for a constant maturity U. S. Treasury Note of similar term plus a fixed spread as set forth in the Note. Neither the Napa County general fund nor any taxing power shall be available for payment of principal or interest under the Note.

4. Authority to Execute Note. The Chair of the Board of Supervisors who is in office on the date set forth on the Note, or at any time thereafter prior to the delivery of the Note to the purchaser thereof, is hereby authorized and directed as the officer to sign the Note by manual signature, and the Clerk of the Board who is in office on the date set forth on the Note, or any time thereafter prior to such delivery of the Note to the purchaser thereof, is hereby authorized and directed as the officer to countersign the Note by manual signature. If any officer whose signature or countersignature appears upon the Note ceases to be an officer of the Board before the delivery of the Note to the purchaser, that officer's signature or countersignature shall nevertheless be valid and of the same force and effect as if the prior officer had remained such officer.
  
5. The Clerk of the Board is directed to file a copy of this Resolution and its attachments with the Napa County Auditor-Controller and the Treasurer-Tax Collector.

**THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED** by the Napa County Board of Supervisors, State of California, at a regular meeting of the Board held on the 20th day of August 2024, by the following vote:

AYES:	SUPERVISORS	_____
		_____
NOES:	SUPERVISORS	_____
ABSTAIN:	SUPERVISORS	_____
ABSENT:	SUPERVISORS	_____

NAPA COUNTY, a political subdivision of the State of California

By: \_\_\_\_\_  
 JOELLE GALLAGHER, Chair of the Board of Supervisors

APPROVED AS TO FORM Office of County Counsel  By: <u>Ryan FitzGerald (e-sign)</u> Deputy County Counsel  Date: <u>August 15, 2024</u>	APPROVED BY THE NAPA COUNTY BOARD OF SUPERVISORS  Date: _____ Processed By: _____ Deputy Clerk of the Board	ATTEST: NEHA HOSKINS Clerk of the Board of Supervisors  By: _____
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**Exhibit ‘A’**

**2024 PROMISSORY NOTE**

**Teeter Plan Delinquencies**  
**(Subject to Call and Redemption)**

**\$8,115,935.00**

Napa County (the “County”), duly organized and existing under and pursuant to the Constitution and laws of the State of California, for value received hereby promises to pay (but only out of the funds hereinafter mentioned) to the registered owner hereof, or registered assigns, the principal sum of \$8,115,935 together with accrued and unpaid interest thereon, payable on the dates and in the manner set forth below.

This Note is issued pursuant to a resolution (the ‘Resolution’) adopted by the Board of Supervisors of the County on August 20, 2024. Reference is hereby made to the Resolution for a specific description of the security therein provided for the payment of the principal of and interest on this Note, to all of the provisions of which the registered owner hereof by such owner's acceptance of this Note hereby consents and agrees, and each subsequent registered owner of this Note has recourse to all of the provisions of the Resolution and is bound thereby. All terms defined in the Resolution shall have the same definitions when used herein, unless otherwise defined herein.

This Note shall bear interest on the outstanding principal amount hereof from the date hereof until payment in full at a variable rate, adjusted annually (commencing September 1, 2024), equal to the rate of interest on the constant maturity U. S. Treasury Note for the number of years corresponding to the number of full years remaining in the term of the Note plus a fixed percentage in accordance with the following schedule:

Five-year Treasury Note	... plus 50 basis points
Four-year Treasury Note	... plus 45 basis points
Three-year Treasury Note	... plus 40 basis points
Two-year Treasury Note	... plus 35 basis points
One-year Treasury Note	... plus 30 basis points

Interest shall be payable on or before the dates set forth below and shall be calculated on the basis of a 365-day year for the actual number of days elapsed. Notwithstanding the foregoing, interest shall be payable at the maximum rate permissible by law if such amount is less than the rate set forth above.

This Note shall be payable in full upon maturity, which shall be September 1, 2029. The County shall make payments of principal and interest hereunder annually on or before the first business day in September of each year, commencing September 2025. The amount of interest to be paid each year shall equal the amount of accrued but unpaid interest under the Note to the extent of the monies available in the 2024 Repayment Fund or the Tax Loss Reserve Fund as of the end of the County's previous fiscal year. The amount of principal to be paid each year shall equal the amount of monies available in the 2024 Repayment Fund exclusive of the \$243,478 in reserve monies described in the Resolution as of the end of the County's previous fiscal year. At maturity, outstanding principal and any accrued but unpaid interest shall be payable only to the extent of the monies available in the 2024 Repayment Fund or the Tax Loss Reserve Fund as of June 30, 2029. Both the principal of and interest on this Note are payable by the Napa County Auditor–Controller in lawful money of the United States of America at the Office of the Napa County Treasurer.

This Note is not a lien, charge or liability against the County or against the Board of Supervisors of the County, or against any property or funds of the County or said Board of Supervisors, except the monies available in the 2024 Repayment Fund as provided in the Resolution, and neither the payment of the principal hereof nor any part thereof, nor of any interest hereon, constitutes a debt, liability or obligation of the County except as provided in the Resolution.

The County hereby covenants and warrants that it will pay promptly, when due, the principal of this Note and any interest accruing hereon, all in accordance with the terms hereof and the terms and provisions set forth in the Resolution.

It is hereby certified that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law.

This Note is subject to call and redemption in whole or in part at any time prior to maturity without penalty or premium by the County giving the registered owner 60 days' prior written notice thereof.

The registered owner hereof may assign this Note only with the County's prior written consent. Upon the giving of such consent, the assignee shall be deemed the registered owner for all purposes hereunder.

This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

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**IN WITNESS WHEREOF**, the County has caused this Note to be signed in its name by the Chair of the Board of Supervisors and countersigned by the Clerk of the Board, and has caused this Note to be dated September 1, 2024.

NAPA COUNTY a political subdivision of the State of California

By \_\_\_\_\_  
 JOELLE GALLAGHER, Chair of the Napa County Board of Supervisors

<p>APPROVED AS TO FORM Office of County Counsel</p> <p>By: <u>Ryan FitzGerald (e-sign)</u> Deputy County Counsel</p> <p>Date: <u>August 15, 2024</u></p>	<p>APPROVED BY THE NAPA COUNTY BOARD OF SUPERVISORS</p> <p>Date: _____</p> <p>Processed By: _____</p> <p>_____ Deputy Clerk of the Board</p>	<p>ATTEST: NEHA HOSKINS Clerk of the Board of Supervisors</p> <p>By: _____</p>
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**REGISTERED OWNER:**

Napa County -- Pooled Investment Fund  
 1195 Third Street, Room 108  
 Napa, CA 94559  
 Attn: Napa County Treasurer