

RESOLUTION NO. 2024-__ (NBRID)

RESOLUTION OF THE GOVERNING BOARD OF THE NAPA BERRYESSA RESORT IMPROVEMENT DISTRICT, REQUESTING A LOAN FROM NAPA COUNTY AND APPROVING ISSUANCE OF A PROMISSORY NOTE TO BORROW \$1,625,000 FROM NAPA COUNTY TO RETIRE AND CONSOLIDATE TWO PRIOR LOANS INTO A NEW LOAN, AND AUTHORIZING THE CHAIR AND SECRETARY OF THE GOVERNING BOARD TO SIGN THE PROMISSORY NOTE

WHEREAS, pursuant to California Government Code Section 25214.4, resort improvement districts located within county boundaries are authorized to borrow money from the county, the proceeds of which may be used and expended in order for the districts to perform their functions and meet their obligations; and

WHEREAS, the Napa Berryessa Resort Improvement District (“District”) is a special district of the State of California organized under the Resort Improvement District Law (Public Resources Code Section 13000 *et seq.*) for the provision of water and sewer service in an unincorporated portion of the County of Napa (“County”) known as the Berryessa Highlands and Oakridge Estates; and

WHEREAS, the Hennessey Fire, a part of the August 2020 LNU Lightning Complex Wildfires, burned through the Berryessa Highlands community destroying over 100 homes; and

WHEREAS, the loss of over 100 customer accounts, and increased delinquencies of existing accounts, has led to an annual revenue deficit exceeding \$300,000 annually; and

WHEREAS, this loss of revenue in conjunction with increased expenditures caused by unexpected equipment malfunctions and failures, water and sewer treatment plant process challenges, and additional overtime from the operations contractor to address these issues, is accelerating depletion of the District’s available cash reserves, leading to substantial projected budgetary deficits; and

WHEREAS, District staff retained a consultant to conduct a household income survey to determine if the District is eligible for State and/or Federal funding for capital improvements to supplement local revenue; and

WHEREAS, the median household income for the community served by the District was determined to be \$62,000, qualifying the District as a disadvantaged community and eligible to apply for Drinking Water and Clean Water State Revolving Fund Programs; and

WHEREAS, the District currently has five active loans from the County totaling \$3,839,634, including Loan No. 1 for \$869,000 and Loan No. 2 for \$625,000, which are the result of the consolidation of five smaller loans issued between 2008 and 2012, Loan No. 4 for \$1,000,000 which is an original loan from 2021, Loan No. 5 for \$345,634 which is an original loan from 2022, and Loan No. 6 for \$1,000,000 which is an original loan from 2023; and

WHEREAS, the District is unable to satisfy full repayment of Loan No. 2 and Loan No. 4, both due on June 30, 2024, in the combined amount of \$1,625,000; and

WHEREAS, District staff is investigating other available opportunities to increase revenue into the District to offset the increased expenditures and requires the assistance from a financial consultant to update a previously completed rate study to determine a revenue strategy that will balance the operations budget; and

WHEREAS, the effort to update the financial plan, investigate or pursue other revenue building opportunities, and apply for State Revolving Fund opportunities will take between six months and year or more for the funding applications to complete and does not guarantee additional revenue to cover operations expenditures or capital funding; and

WHEREAS, the District needs to retire and consolidate Loans No. 2 and Loan No. 4 into a new loan with new three-year term, or it could be unable to pay vendors for services and supplies, potentially leading to under-staffed facilities and equipment falling into disrepair due to a lack of preventative maintenance; and

WHEREAS, the best interests of the District will be served by requesting the County to issue a new Loan No. 7 in the amount of \$1,625,000 for a three-year term which will enable the District to satisfy the payment owed for Loan No. 2 and Loan No. 4 that are due on June 30, 2024;

NOW, THEREFORE, BE IT RESOLVED by the Governing Board of the Napa Berryessa Resort Improvement District as follow:

1. The recitals set forth above are true and correct.
2. The Governing Board hereby requests a loan from the County in the amount not to exceed \$1,625,000 to be known as Loan No. 7, to be used to retire Loan No. 2 and Loan No. 4.
3. The Governing Board hereby authorizes issuance of a promissory note (“Note”) payable to the County in an amount not to exceed \$1,625,000. The term of the Note shall be from the date of execution until June 30, 2027. Interest on the Note shall be payable at the same rate of interest that the County applies to funds of the District on deposit with the County.
4. Interest shall accrue and be payable by the end of each fiscal year until the principal is paid in full. The principal amount of the Note shall be due and payable by the end of the fiscal year 2026-2027, together with any accumulated and unpaid interest.
5. The principal amount of the Note, together with the interest thereon, shall be payable from taxes, revenue and other moneys which are received by the District for the general fund of the District. As security for the payment of the principal of and interest on the Note, the District pledges the first “unrestricted moneys,” as hereinafter defined, (such pledged amounts being hereinafter called the “Pledged Revenues”). The principal of the Note and the interest thereon shall constitute a first lien and charge thereon and shall be paid from the Pledged Revenues. To the extent not so paid from the Pledged Revenues, the Note shall be paid from any

other moneys of the District lawfully available therefor. The term “unrestricted moneys” shall mean taxes, income, revenue and other moneys intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

6. The Chair is hereby authorized and directed to sign the Note, and the District Secretary is hereby authorized and directed to countersign the Note.

7. The District Secretary is directed to file a copy of this Resolution with the Napa County Auditor-Controller.

THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED by the Governing Board of the Napa Berryessa Resort Improvement District at a regular meeting of the Board held on the 25th day of June, 2024, by the following vote:

AYES:	MEMBERS	_____

NOES:	MEMBERS	_____

ABSTAIN:	MEMBERS	_____

ABSENT:	MEMBERS	_____

NAPA BERRYESSA RESORT IMPROVEMENT DISTRICT, a special district of the State of California

By: _____
 JOELLE GALLAGHER,
 Chair of the Governing Board

<p>APPROVED AS TO FORM Office of County Counsel / District Legal Counsel</p> <p>By: <u>Thomas C. Zeleny</u> Chief Deputy County Counsel</p> <p>Date: <u>June 14, 2024</u> PL Doc. No. 115613</p>	<p>APPROVED BY BOARD OF SUPERVISORS, AS THE GOVERNING BOARD OF THE NAPA BERRYESSA RESORT IMPROVEMENT DISTRICT</p> <p>Date: _____ Processed By: _____ _____ Deputy Clerk of the Board</p>	<p>ATTEST: NEHA HOSKINS Clerk of the Board of Supervisors / Secretary of the District</p> <p>By: _____</p>
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