RESOLUTION NO. 2023-___ (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 $1,000,000 FROM NAPA COUNTY, 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 $200,000 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, the District currently has four active loans from the County totaling $2,839,634, 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; and Loan No. 5 for $345,634 which is an original loan from 2022; and

WHEREAS, District staff is conducting a household income survey to determine if the District is eligible for State or Federal funding for capital improvements to supplement local revenue, and is investigating other available opportunities to increase revenue into the District to offset the increased expenditures; and

WHEREAS, the effort to conduct a household income survey and investigate or pursue other revenue building opportunities will take between six months and year to complete and does not guarantee additional revenue to cover operational expenditures; and

WHEREAS, without a temporary loan to cover the increased costs of operating and maintaining the water and sewer systems, the District 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 Loan No. 6 in the amount of $1,000,000 to the District for payment of operations and maintenance expenses during the pursuit of additional funding sufficient to balance the budget and repay loan proceeds;

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 an amount not to exceed $1,000,000.00.

3. The Governing Board hereby authorizes issuance of a promissory note ("Note") payable to the County in an amount not to exceed $1,000,000. The term of the Note shall be from the date of execution until June 30, 2026. 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 2025-2026, 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 6th day of June, 2023, 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

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By: BELIA RAMOS,
Chair of the Governing Board

APPROVED AS TO FORM Office of County Counsel / District Legal Counsel	APPROVED BY BOARD OF SUPERVISORS, AS THE GOVERNING BOARD OF THE NAPA BERRYESSA RESORT IMPROVEMENT DISTRICT	ATTEST: NEHA HOSKINS Clerk of the Board of Supervisors / Secretary of the District
By: *Thomas C. Zeleny* Chief Deputy County Counsel Date: May 31, 2023 PL Doc. No. 91859	Date: _____ Processed By: _____ Deputy Clerk of the Board	By: _____