

RESOLUTION NO. 2023-____

RESOLUTION OF THE BOARD OF SUPERVISORS OF NAPA COUNTY, STATE OF CALIFORNIA, APPROVING A LOAN TO THE NAPA BERRYESSA RESORT IMPROVEMENT DISTRICT AND AUTHORIZING THE CHAIR TO SIGN THE PROMISSORY NOTE IN THE AMOUNT OF \$1,000,000

WHEREAS, pursuant to California Government Code section 25214.4, the Board of Supervisors may loan any available funds of the County to a county service area to pay for any lawful expenses of the county service area; and

WHEREAS, California Public Resource Code section 13031 applies the provisions of the County Service Area Law, including Government Code section 25214.4, to the conduct of the business of resort improvement districts; and

WHEREAS, the Napa Berryessa Resort Improvement District (“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, 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 for the District 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 not anticipated when Loan No 4 was issued; 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 operations 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 County received a request from the District for a loan in the amount of \$1,000,000 (“Loan No. 6”) to cover projected budgetary deficits in the operations budget through Fiscal Year 2023-24;

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

1. The recitals set forth above are true and correct.
2. The Board finds good cause to approve a loan to the District in the amount of \$1,000,000 which shall be repaid by the District to the County on or before June 30, 2026.
3. The Board approves the loan to the District in that amount to be funded upon the County’s receipt of a promissory note executed by the Chair of the District (“Note”) in favor of the County consistent with the following terms:
 - a. The principal amount of the Note shall be \$1,000,000.
 - b. 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.
 - c. 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 therefore. 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.
4. The Chair of the Board is hereby authorized and directed to sign the Note as approved by the Board.
5. The Clerk of the Board is directed to file a copy of this Resolution, as well as the original Note with the Napa County Auditor.
6. Upon receipt of the Note that complies with above terms, the Napa County Auditor is hereby directed and authorized to transfer the loan funds approved above to the District.

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 6th day of June, 2023, by the following vote:

AYES:	SUPERVISORS	_____

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

NAPA COUNTY, a political subdivision of
the State of California

By: _____
BELIA RAMOS, Chair of the
Board of Supervisors

APPROVED AS TO FORM Office of County Counsel By: <u>Thomas C. Zeleny</u> Chief Deputy County Counsel Date: <u>May 31, 2023</u> PL Doc. No. 91860	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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