



# Monterey County

Item No.

## Board Report

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

Legistar File Number: RES 20-094

June 23, 2020

Introduced: 6/9/2020

Current Status: Agenda Ready

Version: 2

Matter Type: BoS Resolution

Adopt Resolution to:

- a. Exercise the Board of Supervisors option under California Government Code 53853(b) to notify Alisal Union School District, Gonzales Unified School District, Greenfield Union Elementary School District, King City Union School District, Monterey Peninsula Unified, and the Pacific Grove Unified School Districts pursuant to the attached Resolution that it will not authorize the issuance of tax and revenue anticipation notes ("TRANS") of the Districts and to provide such notification on or before June 30, 2020.
- b. Authorize the Treasurer Tax-Collector, with the approval of the Office of the County Counsel Office, to exercise the Section 53853(b) option on behalf of the County and notify Districts that the County will not authorize the issuance of TRANS of the Districts when the County receives similar notices and documentation regarding TRANS requests in the future.

### RECOMMENDATION:

Adopt Resolution to:

- a. Exercise the Board of Supervisors option under California Government Code 53853(b) to notify Alisal Union School District, Gonzales Unified School District, Greenfield Union Elementary School District, King City Union School District, Monterey Peninsula Unified, and the Pacific Grove Unified School Districts pursuant to the attached Resolution that it will not authorize the issuance of tax and revenue anticipation notes ("TRANS") of the Districts and to provide such notification on or before June 30, 2020.
- b. Authorize the Treasurer Tax-Collector, with the approval of the Office of the County Counsel Office, to exercise the Section 53853(b) option on behalf of the County and notify Districts that the County will not authorize the issuance of TRANS of the Districts when the County receives similar notices and documentation regarding TRANS requests in the future.

### SUMMARY/DISCUSSION:

Alisal Union School District, Gonzales Unified School District, Greenfield Union Elementary School District, King City Union School District, Monterey Peninsula Unified, and the Pacific Grove Unified School Districts have elected to participate in a cash flow borrowing program (the "Program") sponsored by the California School Boards Association Finance Corporation. As in prior years, the Program is structured to provide participating county boards of education, school districts, and community college districts with economies of scale by reducing the staff time and issuance costs incurred in tax and revenue anticipation note ("TRAN") borrowings. One or more TRANS are expected to be issued from time to time by or on behalf of each of the Districts and pooled with some or all of the other participating county boards of education, school districts, and community college districts in the Program to secure the issuance of Bonds or Certificates of Participation ("COPs"),

depending on market conditions. If Bonds are selected, they would be issued by the California School Cash Reserve Program Authority in one or more series of Bonds (a single series of Bonds corresponding to each pool of TRANs if there are more than one), the principal and interest on which will be paid from principal and interest payments on the TRANs in the corresponding pool. If COPs are selected, they would be executed by a trustee to evidence and represent proportionate undivided interests in the payments of principal and interest on the TRANs in the corresponding pool. Attached is an Executive Summary of the Program prepared by Orrick, Herrington & Sutcliffe LLP, bond counsel, which provides an overview of how the Program is structured.

California Government Code Section 53853(a) provides that the County Board of Supervisors is to issue TRANs on behalf of county boards of education, school districts, and community college districts that have not been accorded fiscal accountability status. However, an exception applies when TRANs are issued in conjunction with other TRANs by the schools/districts themselves. Under this exception, pursuant to Section 53853(b), the County Board of Supervisors may choose to decline to issue the TRANs and either does not affirmatively act or, by resolution, notifies the schools that it is declining to act to issue a TRAN in the name of a requesting county board of education, school district, or community college district within 45 calendar days of notice from the schools, then such TRANs may be issued by the requesting county board of education, school district, or community college district in their own name by their own action.

The County received correspondence on behalf of the school districts listed above on June 1, 2020 requesting, due to critical need and timing issues, that the Board exercise its option under Government Code Section 53853 to either issue the TRANs or allow timely issuance of District TRANs by the school districts themselves. It is preferred by the schools and it is recommended by staff that the County decline to issue the TRANs and allow the school districts to process and issue the TRANs themselves, with such notice by way of the attached proposed Resolution to the schools to be completed on or before June 30, 2020.

It is anticipated that the County will receive similar requests in the future and, as it has in the past, exercise the option under section 53853(b) to decline to issue the bonds on behalf of the Districts. To facilitate a timely response and for administrative economy in the future, it is requested that the Board authorize the Treasurer-Tax Collector the option of administratively responding to the requests on behalf of the County by declining to issue the TRANs so that the Districts can proceed without further expense or delay.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the request and concurs with the recommendation.

FINANCING:

This action has no fiscal, organizational, policy, or other implications to the County of Monterey.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This action helps to practice efficient and effective resource management

- ☐ Economic Development
- ☒ Administration
- ☐ Health & Human Services
- ☐ Infrastructure
- ☐ Public Safety

Prepared by: Susanne King, Treasury Manager, x 5490

Approved by: Mary A. Zeeb, Treasurer Tax-Collector, x5015

All attachments are on file with the Clerk of the Board:

Board Report

Attachment A - Proposed Resolution

Attachment B - Letter from Dale Scott and Company

Attachment C - Orrick Executive Summary