



County of Monterey

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

Board Report

File #: 14-573, **Version:** 1

Consider exercising the option under California Government Code 53853 to notify certain school districts that it will not authorize the issuance of tax and revenue anticipation notes (“TRANs”) of the Districts and to provide such notification by June 27, 2014.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Exercise the Board of Supervisors option under California Government Code 53853 to notify certain school districts that it will not authorize the issuance of tax and revenue anticipation notes (“TRANs”) of the Districts and to provide such notification by June 27, 2014.

SUMMARY AND DISCUSSION:

The 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 of more series of Bonds (a single series of Bonds corresponding to each pool of TRANs if there are more than one), the principal of 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 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 to TRANs issued in conjunction with other TRANs. Under this exception, if the County Board of Supervisors fails to authorize, by resolution, the issuance of a TRAN in the name of a requesting county board of education, school district, or community college within 45 calendar days following its receipt of the resolution requesting that issuance, or if the County Board of Supervisors notifies the county board of education, school district, or community college district that it will not authorize that issuance within that 45-day period, then such TRAN may be issued by the requesting county board of education, school district, or community college district in its name.

The County received correspondence on behalf of Carmel Unified School District, Pacific Grove Unified School District, and Monterey Peninsula Unified School District on May 15, 2014 requesting that the Board exercise its option under Government Code Section 53853 to allow timely issuance of District TRANs.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the recommended policy and concurs with this action.

FINANCING:

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

Prepared by: Ron Holly, Chief Deputy Auditor-Controller, x5493

Approved by: Michael J. Miller, CPA, CISA, Auditor-Controller, x5303

Attachments:

Letter from Dale Scott & Company

Orrick Executive Summary

Notification Memorandum