



County of Monterey

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

Board Report

File #: 12-523, **Version:** 1

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 22, 2012.

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 22, 2012.

SUMMARY AND DISCUSSION:

The State of California (the “State”) has deferred a substantial amount of funding for county boards of education, school districts and community college districts from fiscal year 2011-2012 to fiscal year 2012-2013 (the “Deferred Revenues”). This has complicated the cash flow management activities of those agencies. As a result, the districts are expected to participate in a mid-year cash flow borrowing program (the “Program”) sponsored by the California School Boards Association Finance Corporation to provide operating liquidity until the State disburses the Deferred Revenues in fiscal year 2012-2013.

The Program is structured to provide participants with economies of scale by reducing staff time and issuance costs incurred in TRAN borrowings. The TRANs are expected to be issued and pooled with some or all of the other participating Districts in the Program to secure the issuance of Bonds and or Certificates of Participation to be issued by the California School Cash Reserve Program Authority in one or more series.

California Government Code Section 53853 provides that County Board of Supervisors is to issue TRANs on behalf of the 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 District within 45 calendar days following its receipt of the resolution requesting that issuance, or if the County Board of Supervisors notifies the district that it will not authorize that issuance within that 45-day period, then such TRAN may be issued by the requesting district in its name.

The County received correspondence on behalf of Alisal Union Elementary School District, Carmel Unified School District, Monterey Peninsula Unified School District, Pacific Grove Unified School District, Soledad Unified School District and Washington Union Elementary School District dated May 10, 2012 requesting, due to critical need and timing issues, 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: Al Friedrich, Asst. Auditor-Controller, x5343

Attachments:

Letter From Piper Jaffray

Orrick Summary on School TRAns