



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 7/21/2015

Agenda Placement: 6K

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors

**FROM:** Thomas Capriola for Minh Tran - County Counsel  
County Counsel

**REPORT BY:** Thomas Capriola, DEPUTY COUNTY COUNSEL III - (707) 259-8251

**SUBJECT:** Resolution Authorizing Issuance and Sale of Napa Valley Unified School District Tax and Revenue Anticipation Notes

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### **RECOMMENDATION**

County Counsel requests adoption of a resolution authorizing the Napa Valley Unified School District to borrow funds for Fiscal Year 2015-2016 and for the issuance and sale of 2015-2016 Tax and Revenue Anticipation Notes (TRANS) in a principal amount not to exceed \$20,000,000.

### **EXECUTIVE SUMMARY**

Pursuant to Section 53850 et seq. of the California Government Code, school districts organized and existing under the laws of the State of California are authorized to borrow money through the issuance of Tax and Revenue Anticipation Notes (TRANS), the proceeds of which may be used and expended for any purpose for which a school district is authorized to spend moneys.

Such TRANS may be issued in the name of a school district which has not been accorded fiscal accountability status under Section 42647 or 42650 of the Education Code by the board of supervisors of the county in which the district is located following receipt of a resolution of the governing board of the school district requesting such a borrowing but not prior to the first day of a fiscal year (i.e. July 1st).

The Board of Supervisors has received from the Board of Education of the Napa Valley Unified School District a resolution adopted April 9, 2015, finding and determining that it is desirable that the District borrow funds in an amount not to exceed \$20,000,000 with respect to fiscal year 2015-2016 for authorized purposes of the District, and requesting that the Board for that purpose authorize the issuance of, and offer for sale the TRANS in the name of the District in a principal amount not to exceed \$20,000,000 under and pursuant to the provisions of applicable law.

The principal amount of the TRANS, 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 for the fiscal year 2015-2016.

The resolution of the District agrees to defend, indemnify and hold harmless the County as a result of the County's participation in the TRANS process. Government Code section 53853 also provides that neither the county board of supervisors, the county treasurer nor the county auditor shall be deemed to have any fiduciary responsibility with regard to any note(s) issued pursuant to the TRANS process.

### **FISCAL IMPACT**

Is there a Fiscal Impact?                      No

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

Pursuant to Section 53850 et seq. of the the California Government Code, school districts organized and existing under the laws of the State of California are authorized to borrow money by the issuance of Tax Revenue Anticipation Notes (TRANS), the proceeds of which may be used and expended for any purpose for which the school district is authorized to spend moneys.

Such TRANS may be issued in the name of a school district which has not been accorded fiscal accountability status under Section 42647 or 42650 of the Education Code by the board of supervisors of the county in which the district is located following receipt of a resolution of the governing board of the school district requesting such a borrowing but not prior to the first day of a fiscal year (i.e. July 1st).

The Board of Supervisors has received from the Board of Education of the Napa Valley Unified School District (the "District") a resolution adopted April 9, 2015, finding and determining that it is desirable that the District borrow funds in an amount not to exceed \$20,000,000 with respect to fiscal year 2015-2016 for authorized purposes of the District, and requesting that the Board for that purpose authorize the issuance of and offer for sale the TRANS in the name of the District in the principal amount of not to exceed \$20,000,000. The Clerk of the Board has on file a form of the Note with respect to the TRANS to be eventually executed by the County in the name of the District.

The principal amount of the TRANS, together with the interest thereon, shall be payable from taxes, revenue and other moneys that will accrue to the District during fiscal year 2015-2016 on a priority basis. The manner in which these moneys are pledged is more fully set forth in the District and County resolutions.

The TRANS process contemplates that the Notes will be sold by competitive bid and also provides that they may alternatively be sold on a negotiated basis depending on market conditions.

The County resolution provides that the County is not responsible for the content of the Official Statement of the District describing the securities to be sold but the County Treasurer is authorized and directed to prepare and

review such information for inclusion in the Preliminary Official Statement, and the Official Statement, and to certify that such information does not contain any untrue statement of a material fact or fail to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading.

The resolution of the District provides that the District agrees to defend, indemnify and hold harmless the County as a result of the County's participation in the TRANS process. Government Code section 53853 also provides that neither the county board of supervisors, the county treasurer nor the county auditor shall be deemed to have any fiduciary responsibility with regard to any note(s) issued pursuant to the TRANS process.

Additionally, because the Treasurer and Auditor-Controller have control of the funds and will ensure the pledged revenues are used to satisfy the obligations represented by the TRANS, it is highly unlikely that there will be any liability exposure to the County as a result of the issuance of these TRANS.

### **SUPPORTING DOCUMENTS**

- A . NVUSD Resolution Requesting Sale of TRANS
- B . County Resolution

CEO Recommendation: Approve

Reviewed By: Helene Franchi