



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

VACANT
Fourth District

JIM DESMOND
Fifth District

DATE: July 18, 2023

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TO: Board of Supervisors

SUBJECT

COUNTY OF SAN DIEGO AND SAN DIEGO COUNTY SCHOOL DISTRICTS TAX AND REVENUE ANTICIPATION NOTE PROGRAM, SERIES 2023A (DISTRICTS: ALL)

OVERVIEW

In the ordinary course of business, local governments and school districts may experience temporary cash flow deficits during the fiscal year due to a mismatch in the timing of the receipt of revenues, which is largely focused on the months surrounding tax payment dates, and ongoing payment of expenditures. To meet these short-term cash flow needs, the County has in the past issued a tax and revenue anticipation note ("TRAN") to manage its cash flow. The issuance of this TRAN has taken place in conjunction with school districts within San Diego County that wish to issue their TRAN with the County via a County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program ("Note Program"). This year, like last year, the County does not foresee a need to issue a TRAN for the County of San Diego and will not participate in the Note Program. However, certain school districts still anticipate the need to participate in the Note Program. Today's recommendation is to support these school districts and allow the County of San Diego to execute a TRAN on behalf of the participating school districts. The amount of the Series 2023A TRAN will be dependent on the participating school districts' projected cash flow profiles for Fiscal Year 2023-24.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

Adopt a Resolution entitled:

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO PROVIDING FOR THE BORROWING OF FUNDS BY CERTAIN SCHOOL DISTRICTS FOR FISCAL YEAR 2023-24 THROUGH THE EXECUTION BY THE COUNTY OF CERTAIN 2023-24 TAX AND REVENUE ANTICIPATION NOTES AND THE PARTICIPATION BY SUCH SCHOOL DISTRICTS IN THE COUNTY OF SAN DIEGO AND SAN DIEGO COUNTY SCHOOL DISTRICTS TAX AND REVENUE ANTICIPATION NOTE PROGRAM

EQUITY IMPACT STATEMENT

The issuance of the Tax and Revenue Anticipation Notes is a vital financing mechanism for some school districts in our community. The proceeds from the notes are used to provide much

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needed cash to continue school operations during temporary cash flow deficits during the fiscal year due to a mismatch in the timing of the receipt of revenues, which is largely focused on the months surrounding tax payment dates, and ongoing payment of expenditures. Without these note proceeds, a school district may not be able to provide valuable resources to the students in San Diego County.

SUSTAINABILITY IMPACT STATEMENT

The proposed action supports the County of San Diego Strategic Initiative of Sustainability. Supporting school districts by authorizing the Fiscal Year 2023-24 Note Program and allowing the County to execute the TRAN on their behalf will ensure that there are available financial resources needed for the continuation of school operations.

FISCAL IMPACT

There is no fiscal impact associated with today's action. The Series 2023A TRAN will be obligations of the school districts participating in the Fiscal Year 2023-24 Note Program and will be payable from authorized revenues of the respective school districts, and do not constitute an obligation of the County of San Diego. The cost of delivering the Series 2023A TRAN will be the responsibility of the participating school districts.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

The Debt Advisory Board, composed of the Deputy Chief Administrative Officer/Chief Financial Officer, the Auditor and Controller, and the Treasurer-Tax Collector, concurs with this recommendation.

BACKGROUND

The County has in the past issued an annual tax and revenue anticipation note ("TRAN") to fund temporary cash flow deficits resulting from the staggered receipt of revenues, such as property taxes, and large annual cash disbursements planned for the beginning of each fiscal year, such as long-term obligation payments and advanced retirement contribution. For Fiscal Year 2023-24, County staff is not anticipating a deficit.

Since 1999, the County and schools have issued their TRANs together via the County of San Diego and San Diego School Districts Tax and Revenue Anticipation Note Program ("Note Program"). The County will not require a TRAN for Fiscal Year 2023-24 as it has not for the past nine years. The County will still support the participating school districts by issuing the TRAN on behalf of the school districts. Each note participant, i.e., each individual participating school district, will be responsible for the repayment of its own note only. All obligations under the issuance are separate and distinct.

To carry out the Fiscal Year 2023-24 Note Program, County staff is working with the San Diego County Office of Education (SDCOE), which represents and organizes the various participant school districts. SDCOE provides a variety of services for 42 school districts and five community

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college districts in the county. SDCOE provides school districts with a range of services, including budget approval and oversight. At this time, it is anticipated three school districts within the County will participate in the Fiscal Year 2023-24 Note Program, borrowing an aggregate amount not to exceed \$65 million.

The proposed recommendation will authorize the Fiscal Year 2023-24 Note Program and will allow the County to execute the TRAN on behalf of the participating school districts. Today's action will also approve the form of the legal and financing documents to which the County is a signatory, authorizing certain County officers to sign these documents.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the Sustainability and Community Strategic Initiatives in the County of San Diego's 2023-2028 Strategic Plan by supporting local school districts in their efforts to ensure continued provision of services to the students in San Diego County.

Respectfully submitted,



HELEN N. ROBBINS-MEYER
Interim Chief Administrative Officer

ATTACHMENT(S)

1. San Diego School Districts Note Resolution
2. Form of Trust Agreement (Taxable)
3. Form of Trust Agreement (Tax-Exempt)
4. Form of Contract of Purchase
5. Form of Preliminary Official Statement and Appendix A