



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

VACANT
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

DATE: June 03, 2025

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TO: Board of Supervisors

SUBJECT

**COUNTY OF SAN DIEGO 2025 TAX AND REVENUE ANTICIPATION NOTES
(DISTRICTS: ALL)**

OVERVIEW

In the ordinary course of business, local governments may experience temporary mismatches in cash flow during a given fiscal year due to the timing of the receipts 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 of San Diego (County) has periodically issued a series of annual tax and revenue anticipation notes ("2025 TRANs") to manage its cash flow. For Fiscal Year 2025-26, the County intends to issue its 2025 TRANs. The amount will depend on the County's projected cash flow profile for Fiscal Year 2025-26. The last time the County issued TRANs was in Fiscal Year 2013-14 which included participating school districts.

The 2025 TRANs is a form of temporary borrowing payable from taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2025-26 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

Adopt the Resolution entitled:

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO PROVIDING FOR THE ISSUANCE AND SALE OF COUNTY OF SAN DIEGO 2025 TAX AND REVENUE ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$200,000,000 AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND ACTIONS RELATED THERETO

EQUITY IMPACT STATEMENT

Approval of the 2025 Tax and Revenue Anticipation Notes will help meet the short-term cash flow needs of the County to continue its operations and programs that support the most vulnerable population across the region.

SUSTAINABILITY IMPACT STATEMENT

**SUBJECT: COUNTY OF SAN DIEGO 2025 TAX AND REVENUE ANTICIPATION
NOTES (DISTRICTS: ALL)**

Today's action supports sustainability (Economy) by aligning the County's available resources with services to maintain fiscal stability and ensure continuity of County operations to help meet its sustainability goals.

FISCAL IMPACT

If approved, this request will authorize the 2025 TRANs in an aggregate principal amount not to exceed \$200,000,000. Based on current market conditions, an annual borrowing cost of 3.6% is projected along with delivery costs of approximately \$600,000, related to the financing process. An estimated net interest cost of \$5,400,000 is projected to be repaid at maturity, but is planned to be set aside incrementally. The actual borrowing cost will be determined at the time the County sells its 2025 TRANs.

Funds for the repayment of the County's 2025 TRANs are included in the Fiscal Year 2025-26 CAO Recommended Operational Plan in the amount of \$2.7 million and in the CAO Recommended Operational Change Letter in the amount of \$2.7 million, for total proposed appropriations of \$5.4 million. The funding source will be General Purpose Revenue, some of which will be reallocated for this purpose. There will be no change in net General Fund costs and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

The County's Debt Advisory Committee (DAC), composed of the Chief Financial Officer, the Auditor and Controller, and the Treasurer-Tax Collector, concurs with today's recommendation. DAC met on February 26, 2025 and voted unanimously to proceed with the issuance of the 2025 TRANs.

BACKGROUND

The County has periodically issued annual TRANs to fund temporary cash flow deficits resulting from the staggered receipt of revenues, such as property taxes. The last time that the County issued TRANs was in Fiscal Year 2013-14. Amounts of the TRANs for that fiscal year and the preceding 10 fiscal years ranged from \$50 million to \$350 million. The County is issuing a TRANs primarily as a result of on-going increases to retirement contributions which total over \$915 million this year and spending down of federal funding related to COVID.

Based upon recommended budget information, the preliminary projected cash flow schedule for Fiscal Year 2025-26 shows that the County's general fund will have a temporary cash flow deficit of approximately \$200 million in November 2025. This deficit primarily results from the large annual cash disbursements required during July 2025, which include the payment of the County's advance to the San Diego County Employees Retirement Association and the County's lease payment obligations relating to long-term certificate of participation-related payments made to the respective trustee banks.

**SUBJECT: COUNTY OF SAN DIEGO 2025 TAX AND REVENUE ANTICIPATION
NOTES (DISTRICTS: ALL)**

Since 1999, the County and school districts within the County have periodically issued their TRANs together, including Fiscal Year 2013-14. For the 2025 TRANs, the school districts will not be joining the County on this issuance. It is anticipated that the County Treasurer-Tax Collector will direct the reinvestment of the proceeds of the 2025 TRANs for the County after the proceeds are deposited with the paying agent and do the same with repayment funds deposited with the paying agent.

The proposed recommendations will authorize the County to issue TRANs for Fiscal Year 2025-26 and approve the form of the legal, financing, and disclosure documents related to this issuance. If approved, the disclosure documents, which include the Preliminary Official Statement and Appendix A, will be updated with information related to the Fiscal Year 2025-26 and Fiscal Year 2026-27 CAO Recommended Operational Plan that have been presented to the Board under separate cover.

Summary of the 2025 TRANs Document Forms Presented for Approval

The financing documents related to the 2025 TRANs which are being recommended for approval through adoption of the resolution in the recommendation are as follows:

Financing Certificate. This is the officer's certificate delivered in accordance with the Resolution to provide particular terms and provisions of the 2025 TRANs, directing the establishment of funds and terms for payment of the 2025 TRANs, and documenting certain particulars established at time of pricing the 2025 TRANs.

Paying Agent Agreement. By and between the County and Zions Bancorporation, National Association, as paying agent (the "Paying Agent"). The Paying Agent will assume certain duties in accordance with the Resolution and the Financing Certificate, including the establishment and maintenance of funds and the authentication and delivery of the 2025 TRANs and their payment upon maturity.

Preliminary Official Statement. This is the preliminary offering document related to the 2025 TRANs, and together with Appendix A provides key financing and credit information to potential investors. The County will execute the final Official Statement which will include pricing information.

Notice of Intention to Sell. This is a notification that the County intends to sell the 2025 TRANs that is required to be published in an industry newspaper.

Notice Inviting Bids. This is the document that describes the parameters of the transaction to the underwriting firms that will bid on the 2025 TRANs.

Continuing Disclosure Agreement. By and between the County and the financial disclosure dissemination agent. This agreement provides the terms by which the County agrees to provide ongoing disclosure with beneficial owners of the 2025 TRANs, including specific content to be provided annually or upon occurrence.

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LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed action supports the Sustainability (Economy) Strategic Initiative in the County of San Diego's 2025-2030 Strategic Plan by ensuring the continuous provision of services to the County's residents.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

1. RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO PROVIDING FOR THE ISSUANCE AND SALE OF COUNTY OF SAN DIEGO 2025 TAX AND REVENUE ANTICIPATION NOTES IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$200,000,000 AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND ACTIONS RELATED THERETO
2. Financing Certificate
3. Paying Agent Agreement
4. Preliminary Official Statement and Appendix A
5. Notice of Intention to Sell
6. Notice Inviting Bids
7. Continuing Disclosure Agreement