

Memorandum
Office of Jenine Windeshausen
Treasurer-Tax Collector



To: The Board of Supervisors

From: Jenine Windeshausen, Treasurer-Tax Collector

Date: March 24, 2009

Subject: Resolution Authorizing the Rocklin Unified School District to Issue Grant Anticipation Notes in an Amount Not to Exceed \$10,300,000

Action Requested:

Pass a resolution authorizing the Rocklin Unified School District to Issue Grant Anticipation Notes in an amount not to exceed \$10,300,000 for funds allocated to the District from the State School Facilities Program Fund which have been frozen due to the State's ongoing fiscal crises.

Background:

Government Code Section 53859.03 requires that grant anticipation notes issued by a school district be issued in the name of the district, but that the issue be authorized by resolution of the Board of Supervisors.

The Rocklin Unified School District is currently under construction for its Sunset Ranch Elementary School and for a Maintenance and Kitchen Facility Project. The District has collected and been using proceeds from Mello Roos special taxes to fund the project to date. Additionally, the district had been allocated state funding. Based on these funding sources, the District commenced construction of its new elementary school and Maintenance and Kitchen Facility project. In early December, the District was notified by the State that due to the ongoing fiscal crises the State Controller had released \$10,849,721 in funding, but the disbursement of the funds was being held until further notice.

Due to the funding freeze, the District began to consider shutting down the project until the State funding was released. The District estimated that costs to shut down and restart the project at a later date would cost approximately \$1 million. During a meeting with the County Treasurer, it was proposed that the District issue Grant Anticipation Notes at an approximate cost of \$100,000 for up to one year of financing in order to proceed with the project. The Treasurer proposed that the District issue the Notes on a private placement basis and the Treasurer would purchase the Notes into the Treasurer's Investment Portfolio. This would avoid the substantial costs associated with shutting the project down until the State's funding is received and also allow the contractors to proceed with the work and avoid construction layoffs.

On March 20th, the District Board of trustees passed a resolution directing their Board Chair and Superintendent to take the necessary actions to issue grant anticipation notes.

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Recommendation:

It is recommended that your Board pass the attached resolution authorizing the Rocklin Unified School District to issue grant anticipation notes in an amount not to exceed \$10,300,000 to avoid substantial costs associated with shutting down and restarting the project and to avoid construction layoffs.

Fiscal Impact:

There is no fiscal impact to the County as the County is not responsible for the repayment of the notes.

Before the Board of Supervisors County of Placer, State of California

In the matter of:

Resol. No: _____

Authorizing the Rocklin Unified School District to Issue Grant Anticipation Notes in an amount not to exceed \$10,300,000 for funds allocated to the District from the State School Facilities Program Fund which have been frozen due to the State's ongoing fiscal crises.

Related to Ord. No: _____

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held on March 24, 2009.

by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chairman, Board of Supervisors

Attest:
Clerk of said Board

WHEREAS, Government Code Section 53859.03 requires that grant anticipation notes issued by a school district be authorized the Board of Supervisors, and

WHEREAS, The Rocklin Unified School District desires to issue a grant anticipation note in an amount not to exceed \$10,300,000 pending receipt of its State School Facility Program Funds in the amount of \$10, 849,721, and

WHEREAS, The County Treasurer has agreed to purchase the grant anticipation note issued by the District, and

WHEREAS, The Note provides for the prepayment without penalty and that the District may call or redeem the Note by giving the note holder two business days advance notices and that such redemptions shall be in the amount of \$500,000 or greater,

WHEREAS, the District would incur significant costs associated with shutting down and restarting the project.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Supervisors authorizes the Rocklin Unified School District to issue a grant anticipation note in an amount not to exceed \$10,300,000 pursuant to the provisions of Government Code Sections 53859 – 53859.30.