



96977

**DATE:** August 13, 2019

**TO:** Board of Supervisors

**FROM:** Alan Minato, Director, Finance Agency

**SUBJECT:** Union Elementary School District Election of 2014 General Obligation Bonds, Series E

**RECOMMENDED ACTION**

Adopt Resolution authorizing the Union Elementary School District to sell Election of 2014 General Obligation Bonds, Series E, on its own behalf in an aggregate principal amount not to exceed \$14,000,000. (Roll Call Vote)

**FISCAL IMPLICATIONS**

There is no fiscal impact to the County of Santa Clara (the "County"). The County incurs no financial liability from this financing, and neither the faith and credit nor the taxing power of the County is pledged in any way in connection with this financing.

The attached resolution, as written, allows the County to recover any additional investment management costs incurred by the County to invest outside of the County Pooled Investment Fund (the "Commingled Pool"). These include, but are not limited to, staffing or financial resources expended on behalf of the Union Elementary School District (the "District") beyond those provided by the Commingled Pool.

**REASONS FOR RECOMMENDATION**

This resolution is part of the legal documentation necessary for the issuance of general obligation bonds by the District. General obligation bonds are funded through property taxes. The Finance Agency collects the property taxes and facilitates the appropriate debt service payments. As provided by the District's resolution, the bond proceeds must be deposited into the County Treasury until expended. A copy of the District's resolution and related documents are on file at the Finance Agency.

**CHILD IMPACT**

The recommended action will have a positive impact on children.

**SENIOR IMPACT**

The recommended action will have no/neutral impact on seniors.

## **SUSTAINABILITY IMPLICATIONS**

The recommended action will have no/neutral sustainability implications.

## **BACKGROUND**

On June 3, 2014, the voters of the District approved the issuance of general obligation bonds for the various purposes set forth in the ballot in the maximum amount not to exceed \$125,000,000, payable from the levy of an *ad valorem* tax against the taxable property in the District (the “Authorization”).

On January 29, 2015, pursuant to the Authorization, the District issued its Election of 2014 General Obligation Bonds, Series A in the aggregate principal amount of \$22,280,000 and its Election of 2014 General Obligation Bonds, Series B in the aggregate principal amount of \$8,100,000.

On April 12, 2017, pursuant to the Authorization, the District issued its Election of 2014 General Obligation Bonds, Series C in the aggregate principal amount of \$29,275,000.

On September 6, 2017, pursuant to the Authorization, the District issued its Election of 2014 General Obligation Bonds, Series C-1 (Delayed Delivery) in the aggregate principal amount of \$1,225,000 and its Election of 2014 General Obligation Bonds, Series D (Delayed Delivery) in the aggregate principal amount of \$4,500,000.

On June 10, 2019, the Board of Trustees of the District adopted a Resolution authorizing the issuance of bonds under the Authorization in an aggregate principal amount not-to-exceed \$14,000,000, and to be designated as “Union Elementary School District (Santa Clara County, California) Election of 2014 General Obligation Bonds, Series E.

The District is requesting the bond issuance under California Education Code Section 15140(b), where a school district may issue and sell bonds on its own behalf and without further action by the Board of Supervisors or other offices of the County, provided the District has not received a qualified or negative certification in its most recent interim report. The District has represented and warranted to the County that it has not received a qualified or negative certification in its most recent interim report.

If the District were to request the County Treasurer to invest the proceeds of the bonds in investments that the County determines would impose additional financial, staffing or other burdens on the County beyond the burdens associated with investing the proceeds of the bonds as part of the Commingled Pool, any additional costs borne shall be reimbursed to the County. These include, but are not limited to, the costs of obtaining the services of an outside investment manager. Contracting decisions to engage the services of an investment manager shall be mutually agreed upon by both the County and the District. The District shall indemnify the County and its agents as stated in the resolution, in connection with the performance of the investment manager or the results of the investment, excepting only the sole negligence or willful misconduct of the County or its officials, employees and agents.

## **CONSEQUENCES OF NEGATIVE ACTION**

The District would be unable to issue the bonds.

## **STEPS FOLLOWING APPROVAL**

Request the Clerk of the Board to send one approved copy of the resolution from MinuteTraj to: Stradling, 44 Montgomery St., Suite 4200, San Francisco, CA 94104, c/o Briana Abrams.

## **ATTACHMENTS:**

- District Resolution (PDF)
- County Resolution (PDF)