

BOARD OF TRUSTEES	ACTION
Santa Monica Community College District	December 8, 2020

MAJOR ITEMS OF BUSINESS

RECOMMENDATION NO. 17

SUBJECT:            RESOLUTION OF THE BOARD OF TRUSTEES AUTHORIZING DISTRICT PARTICIPATION IN THE CALIFORNIA SCHOOL FINANCE AUTHORITY STATE AID INTERCEPT NOTES (FISCAL YEAR 2020-2021 SCHOOL AND COMMUNITY COLLEGE DISTRICT DEFERRALS) THROUGH THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF FISCAL YEAR 2020-2021 TAX AND REVENUE ANTICIPATION NOTES AND REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY TO WAIVE/DECLINE SUCH ISSUANCE BY THE COUNTY OR TO ISSUE AND SELL SAID SERIES OF NOTES

SUBMITTED BY:        Vice President of Business and Administration

REQUESTED ACTION:    It is recommended that the Board of Trustees approve the following resolution to authorize the issuance of up to \$25,000,000 of tax and revenue anticipation notes (TRANS), the form of the Note Purchase Agreement and Indenture (see Appendix A).

SUMMARY:            In order to offset the fiscal impact of COVID-19, the State’s 2020-2021 Adopted Budget deferred \$12.9 billion in aid to school districts, community colleges and offices of education (“LEAs”) expected to be paid in 2020-2021 to 2021-2022. In response to this, California State Treasurer Fiona Ma has created a new Statewide working capital financing program to help LEAs manage the financial impacts of the deferrals. The California School Finance Authority (“CSFA” or the “Authority”) was created in 1985 to aid LEAs by providing access to financing for working capital and capital improvements. The goal of the CSFA State Aid Intercept Notes is to provide LEA’s with a streamlined and secure process that minimizes the impact of the deferrals on their operations.

Based on previously released payment schedules from the California Community Colleges Chancellor’s Office, the District may experience a cash flow shortage in Spring 2021 created by timing differences between its anticipated expenditures and estimated receipt of revenues. The Resolution being presented to the Board of Trustees authorizes a short-term borrowing by the District to address this cash flow shortfall through the issuance of tax and revenue anticipation notes (“TRANS” or “Notes”) through the CSFA State Aid Intercept Notes Program.

Pursuant to the Resolution, the District will pledge a portion of the revenues expected to be received by the District during, or attributed to the District for fiscal year 2020-2021 to the repayment of the TRANS in an amount equal to the principal and interest due on the TRANS. However, the TRANS will be a general obligation of the District payable from its General Fund, and to the extent pledged revenues are not available, the TRANS will be paid from other legally available moneys of the District attributable to fiscal year 2020-2021.

MOTION MADE BY:    Barry Snell

SECONDED BY:        Louise Jaffe

ROLL CALL VOTE:	Yes	No	Absent
Joshua Elizondo, Student Advisory	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Susan Aminoff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nancy Greenstein	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Louise Jaffe	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Margaret Quiñones-Perez	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Rob Rader	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sion Roy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Barry Snell	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>