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May 22, 2009

Board of Supervisors
County of El Dorado
330 Fair Lane
Placerville, CA 95667

**Re: Requests of Various School Districts for Authority to Issue TRANS in
Their Own Names**

Honorable Supervisors:

Recommendation:

County Counsel recommends that the Board indicate that it will not authorize the issuance of Tax and Revenue Anticipation Notes ("TRANS") on behalf of the school districts, thus freeing them to issue TRANS in their own names.

Reason for Recommendation:

The County has received numerous requests from various school districts for the County to issue TRANS for the school districts, or decline to do so so that they are free to do so in their own names. The Board of Supervisors is familiar with TRANS. It is a form of short term borrowing, to be paid back within the fiscal year, to even out cash flow during the year. School districts that have not been accorded fiscal accountability status, are required to ask the County to issue TRANS on their behalf. If the County fails to do so within 45 days, or advises the school districts that it will not authorize the issuance of the TRANS within the 45 days, the school districts are free to issue the TRANS themselves, in their own name. The school districts have asked for the Board to decline to authorize the issuance of the TRANS so that they don't have to wait for the 45 days to expire.

This is a similar process we go through with the issuance of bonds by the school districts, except that it is not necessary to adopt a resolution. The Clerk of the Board will simply

Board of Supervisors

May 22, 2009

Page 2

send the school districts a notice that the Board refuses the issue the TRANS. Although the County does not assume fiduciary responsibility for the bonds, we see no reason for the County to get involved in the process, potentially exposing itself to litigation arising out of the issuance of the TRANS. The County Auditor and Treasurer/Tax Collector concur.

The various school districts (including the Office of Education and community college districts) making the request are: Black Oak Mine Unified School District, Buckeye Union School District, Camino Union School District, El Dorado County Office of Education, El Dorado Union High School District, Gold Oak Union School District, Gold Trail Union School District, Indian Diggings School District, Lake Tahoe Community College District, Lake Tahoe Unified School District, Latrobe School District, Mother Lode Union School District, Pioneer Union School District, Placerville Union School District, Pollock Pines School District, Rescue Union School District, Silver Fork School District, and Camino Union Elementary School District.

Fiscal Impact:

None.

Actions to Be Taken Following Approval:

The Board Clerk will send notices to each school district advising them of the Board's action.

We would be pleased to answer any questions the Board might have.

Respectfully submitted,



LOUIS B. GREEN
County Counsel

LBG/stl

cc: Chief Administrative Officer
County Auditor
County Treasurer/Tax Collector

S:\Bd of Supervisors\Agenda Transmittals & Staff Reports\School District TRANS