



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 6/3/2025

To: Board of Supervisors

Department or Agency Name(s): Auditor-Controller-Treasurer-Tax Collector

Staff Name and Phone Number: Erick Roeser (707) 565-3285, Kathleen Parnell (707) 565-6124

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Santa Rosa City Schools District General Obligation Bonds

Recommended Action:

A) Adopt a resolution of the Board of Supervisors of the County of Sonoma offering for sale the City of Santa Rosa High School District General Obligation Bonds, 2022 Election, 2025 Series B, in an aggregate principal amount not to exceed one hundred million dollars (\$100,000,000) and approving related documents and actions, including delegating authority to the Auditor-Controller-Treasurer-Tax Collector to execute the Bond Purchase Agreement. ☐

B) Adopt a resolution of the Board of Supervisors of the County of Sonoma offering for sale the City of Santa Rosa Elementary School District General Obligation Bonds, 2022 Election, 2025 Series B, in an aggregate principal amount not to exceed thirty million dollars (\$30,000,000) and approving related documents and actions, including delegating authority to the Auditor-Controller-Treasurer-Tax Collector to execute the Bond Purchase Agreement. ☐

Executive Summary:

The City of Santa Rosa High School District and the City of Santa Rosa Elementary School District (District) request the Board of Supervisors (Board) offer for sale, on behalf of the District, the General Obligation bonds, 2022 Election, 2025 Series B, in the aggregate principal amount not to exceed one hundred million dollars (\$100,00,000) and thirty million dollars (\$30,000,000), respectively, pursuant to California Education Code (Ed. Code) § 15140 (Section 15140). The District has authorized the bonds be sold through a negotiated sale to Raymond James & Associate, Inc. (Underwriter).

Section 15140 requires that bonds of a school district be offered for sale by the board of supervisors of the county in which such district is located. Section 15140 further provides that the board of supervisors can delegate authority to the governing board of any school district to issue and sell bonds on its own behalf, so long as the district did not receive a qualified or negative certification in its most recent interim budget report within the meaning of Ed. Code § 42131. The Board of Supervisors previously delegated this authority to school districts with Resolution 11-0215.

The District is currently ineligible to offer their own bonds for sale due to receiving a qualified certification in its most recently filed interim budget report and state law therefore requires that the Board offer the District bonds for sale, as soon as possible following receipt of a resolution adopted by the District's governing board.

The Santa Rosa City Schools Board of Education, the governing board of the District, adopted resolutions on May 14, 2025, authorizing the issuance the bonds and requesting the Board offer the 2025 Series B Bonds for sale. Accordingly, the Board must offer the District bonds for sale. In so doing, the County is providing additional process in the sale of the bonds as mandated by state law due to the District's ineligibility to do so.

The 2025 Series B bonds are being sold to the Underwriter and the District expects to price and issue the bonds by the end of June, 2025. The County Auditor-Controller-Treasurer-Tax Collector (ACTTC) will attend the bond pricing call. The 2025 Series B bonds will be repaid through *ad valorem* taxes levied and collected on the tax roll per Ed. Code § 15250, which is done annually through the ACTTC. Bond proceeds and the annual tax levies will be deposited into designated funds in County Treasury. This Board action of offering the District bonds for sale does not obligate the County General Fund for any repayment of the 2025 Series B bond debt, which is solely the obligation of the District, nor does the County become responsible for any of the projects or improvements of the District funded with the bond proceeds. The District agrees to indemnify, defend and hold harmless the County for any claims incurred in the exercise and performance of its powers and duties in selling the bonds to the extent allowed by law. The County will be reimbursed for all of its costs associated with the 2025 Series B Bond issuance.

As part of offering the bonds for sale, the County must execute the Bond Purchase Agreement between the District, County and Underwriter. Once the bonds are sold and the Bond Purchase Agreement is executed, there is no further action required by the County nor is there any annual follow-up, with the exception of annually setting tax rates for the *ad valorem* taxes levied as discussed above and the transfer of debt service payments to the designated paying agent for the bonds.

The County last offered for sale bonds on behalf of a school district in 2018, also for the District.

Discussion:
Background

California Education Code (Ed Code) § 15140 requires the Board of Supervisors (Board) to offer for sale the bonds of a school district, although the Board may delegate that authority by resolution to the school district's governing board, provided the district does not have a qualified or negative certification in its most recent interim budget report. The Board previously delegated the authority to the school districts to offer their own bonds for sale with Resolution 11-0215. However, if a school district has received a qualified or negative certification in its most recent interim budget report, then the Board is required to sell the bonds on behalf of the school district.

A qualified certification is assigned to any school district that, based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years, per Ed. Code § 42131. The certification is based upon the financial and budgetary reports required by Ed. Code § 42130 but may include additional financial information known by the governing board of the school district to exist at the time of each certification. Because the District has received a qualified certification in its most recent interim budget report for fiscal year 2024-25, state law requires the Board offer the bonds for sale on behalf of the District.

The bonds to be offered for sale on behalf of the District were approved by voters in the November 8, 2022 election, which authorized the issuance of general obligation bonds in a principal amount of \$398,000,000 (Measure C) and \$125,000,000 (Measure G) (collectively, Measures), respectively, for the purpose of financing

the renovation, construction and improvement of the Santa Rosa City School facilities. These bonds (2025 Series B Bonds) will be the second series of bonds to be issued and sold under the Measures. The first series of bonds under each Measure was issued by the District in 2023, without County participation, due to the District having not received a qualified or negative certification in its most recent interim budget report at that time.

On May 14, 2025, the District's governing board adopted resolutions, attached as Attachment 1 and 2, authorizing the issuance of the 2025 Series B Bonds and requesting the Board offer the bonds for sale. State law requires the Board sell the bonds on behalf of the District as soon as possible following receipt of the adopted District resolutions. While not entirely clear, it appears the legislative logic behind the requirement that the County sell the bonds on behalf of the District due to the qualified certification is to provide additional process in the sale of the bonds due to the uncertainty of the District's finances. That being said, it is important to note that general obligation bonds are paid solely from *ad valorem* taxes levied on the tax roll, and therefore the District's finances do not impact the likelihood of timely repayment of the bonds.

Terms of the Bonds

The District has authorized a negotiated sale of the 2025 Series B Bonds to Raymond James & Associates, Inc. (Underwriter), as permitted by California Government Code § 53508.9 and Ed Code § 15146. The District determined to sell the bonds by negotiated sale for the reasons set forth in the District resolutions, including that a negotiated sale provides more flexibility to choose the time and the date of the sale which is often advantageous in the municipal bond market and the involvement of the Underwriter generally enhances the quality and results of the bond offering. The 2025 Series B Bonds are expected to be priced later in June 2025, and the County Auditor-Controller-Treasurer-Tax Collector (ACTTC) or designee will attend the bond pricing call with the District and the Underwriter. After the bonds have been sold to the Underwriter pursuant to the negotiated sale, the Underwriter will sell the bonds on the secondary market.

The 2025 Series B Bonds will be sold pursuant to the terms and conditions set forth in the Board resolutions, attached as Attachment 3 and 4, which include the form of the Bond Purchase Agreement and Forms of the Bonds as exhibits. The District agrees to indemnify, defend and hold harmless the County and its officers and employees against any and all liabilities, costs, expenses, damages and claims which may be incurred in the exercise and performance of the sale of the 2025 Series B Bonds to the extent allowed by law and the County will be reimbursed for all of its costs associated with the 2025 Series B Bond issuance. All general obligation bond requirements imposed by the U.S. Securities and Exchange Commission, including continuing disclosures and official statements, are the responsibility of the District and the County has not reviewed nor confirmed the contents therein and has no requirement to do so. The 2025 Series B Bond debt is solely an obligation of the District and shall be repaid through *ad valorem* taxes levied and collected on the tax roll.

The ACTTC will establish designated funds to hold both the 2025 Series B Bond proceeds and the *ad valorem* taxes levied to pay the principal and interest payments on the bonds. The amount needed to make the annual payments on the 2025 Series B Bonds will be transferred to the designated paying agent by the ACTTC.

Bond proceeds will only be used for the purposes authorized in the Measures and include upgrading and building out high schools in anticipation of the additional students being moved to the campuses due to District's reorganization and building bathrooms into certain classroom for TK students in the elementary schools. The Measures included accountability requirements, including oversight of the bond issuances through an independent Citizens Oversight Committee and annual independent financial and performance

audits, which the District confirmed has been occurring.

Because state law requires the Board to sell the bonds on behalf of the District due to their qualified certification and as soon as possible following the adoption of the District resolutions, staff recommends the Board adopt the resolutions offering for sale the 2025 Series B bonds on behalf of the District to the Underwriter and authorize the ACTTC to execute the Bond Purchase Agreements.

Strategic Plan:

N/A

Racial Equity:**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

Prior Board Actions:

05/22/2018- Board of Supervisors adopted Resolution Numbers 18-0195 and 18-0196 to sell bonds on behalf of the City of Santa Rosa School District

4/26/2011- Resolution 11-02158 Authorizing School Districts Under Jurisdiction of the Superintendent of Schools of the County to Issue and Sell School Bonds Directly

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

Staff time, including ACTTC and County Counsel time, is being incurred with the requested sale of the bonds. However, all costs incurred by the County are reimbursed by the District through the bond proceeds.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

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Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

1. City of Santa Rosa High School District Resolution 2024/25-122 Authorizing the Issuance and Sale of General Obligation Bonds, 2022 Election, 2025 Series B, In An Aggregate Principal Amount Not to Exceed \$100,000,000 and Approving Related Documents And Actions
2. City of Santa Rosa Elementary School District Resolution 2024/25-121 Authorizing the Issuance and Sale of General Obligation Bonds, 2022 Election, 2025 Series B, In An Aggregate Principal Amount Not to Exceed \$30,000,000 and Approving Related Documents And Actions
3. Resolution of the Board of Supervisors Offering for Sale the City of Santa Rosa High School District General Obligation Bonds, 2022 Election, 2025 Series B, In An Aggregate Principal Amount Not to Exceed \$100,000,000 and Approving Related Documents And Actions
4. Resolution of the Board of Supervisors Offering for Sale the City of Santa Rosa Elementary School District General Obligation Bonds, 2022 Election, 2025 Series B, In An Aggregate Principal Amount Not to Exceed \$30,000,000 and Approving Related Documents And Actions

Related Items “On File” with the Clerk of the Board:

Paying Agent Agreement between the Santa Rosa High School District and Paying Agent

Paying Agent Agreement between the Santa Rosa Elementary School District and Paying Agent Preliminary Official Statement