RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SONOMA, STATE OF CALIFORNIA, AUTHORIZING RENEWED ISSUANCE OF A NOTE THAT SECURED FUNDS TO EFFECT SETTLEMENT OF THE COMPLAINT OF PNC EQUIPMENT FINANCE, LLC V. CALIFORNIA FAIRS FINANCING AUTHORITY ET AL (UNITED STATES DISTRICT COURT, NORTHERN DISTRICT OF CALIFORNIA, CASE NO. CV 11-03768) ON BEHALF OF SONOMA COUNTY FAIR AND EXPOSITION, INC., AGREING TO REPAY SAID NOTE RENEWAL FROM THE FAIR ENTERPRISE FUND, AND AUTHORIZING THE FAIR MANAGER TO TAKE SUCH FURTHER ACTION AS IS REASONABLY NECESSARY TO EFFECT THE SALE OF THE NOTE RENEWAL AND ENSURE REPAYMENT FROM THE FAIR ENTERPRISE FUND.

WHEREAS, pursuant to Government Code Section 25905 and that certain Agreement between the County of Sonoma (“County”) and Sonoma County Fair and Exposition, Inc. (the “Fair”) dated October 1, 2010 (the “Agreement”), the County appointed the Fair as its agent for the purposes of (a) conducting an annual County Fair and (b) managing, using, possessing, and operating the Fairgrounds; and

WHEREAS, as the statutorily designated agent of the County, the Fair acts as a quasi-public entity; and

WHEREAS, Section 1 of the County/Fair Agreement authorizes and empowers the Fair “to do all things necessary and proper under the law, its Articles of Incorporation, Bylaws, and this Agreement” in discharging its obligations under the County/Fair Agreement; and

WHEREAS, Section 12 of the County/Fair Agreement further authorizes the Fair to purchase and sell real property, goods, and services; and

WHEREAS, in the discharge of its duties under the Agreement, the Fair entered into an agreement with the California Fairs Financing Authority ("CFFA") in or about September 2006 ("the Sonoma Fair Use Agreement") to purchase certain photovoltaic electric systems (the “Sonoma Photovoltaic Equipment”) and had said equipment installed at the Sonoma County Fairgrounds; and
WHEREAS, a dispute arose between the various parties involved in the financing of the purchase and installation of the Sonoma Photovoltaic Equipment due to an alleged failure of CFFA to forward funds paid by the Fair to the master lender, PNC Equipment Finance, LLC (“PNC”), resulting in the filing of a lawsuit against the Fair; and

WHEREAS, on March 15, 2012, following a settlement conference, the Sonoma County Fair Board of Directors (the “Fair Board”) adopted Resolution 2012-101 authorizing the Fair Manager to effect full and final settlement of the complaint with all parties thereto; and

WHEREAS, the terms of said settlement required, among other things, that the Fair pay off the remaining balance of $1,400,000 due PNC on the Sonoma Photovoltaic Equipment under the Lease with CFFA in exchange for both (i) CFFA extinguishing the Sonoma Fair Use Agreement and transferring title to the Sonoma Photovoltaic Equipment to the Fair and (ii) PNC releasing its security interest in the Sonoma Photovoltaic Equipment; and

WHEREAS, settling this matter saved the Fair more than $1,300,000 over the life of the Sonoma Fair Use Agreement; and

WHEREAS, to effect settlement of this matter without compromising its cash flow position, the Fair Board asked that the County issue a note on its behalf in the principal amount of $1,200,000 (the “Note”) and agreed to repay the Note from revenue from the Fair Enterprise Fund; and

WHEREAS, the County Treasurer is authorized pursuant to Government Code Section 53601(d) to invest in such notes and purchased the Note as a short-term investment (with a term of one year) and further indicated he would consider purchasing renewals of the Note up to a maximum of five (5) years; and

WHEREAS, the County is authorized pursuant to Government Code Section 53850 and following to borrow money on a temporary basis, provided such borrowed amount does not exceed eighty-five (85%) of the estimated amount of anticipated revenues that will be used to pay back the loan; and

WHEREAS, pursuant to Section 4 of the Agreement, “[a]ll debts and obligations lawfully incurred by [the] Fair are the debts and obligations of [the] County,” and, thus, the Fair Note will be guaranteed by the County General Fund; and

WHEREAS, on June 19, 2012, the Fair Board adopted a resolution requesting the County issue the Note and pledging the revenues raised through operation and maintenance of the annual County Fair and the Fairgrounds (“The Fair Enterprise Fund”) for repayment of the Note; and

WHEREAS, on June 19, 2012, the Sonoma County Board of Supervisors authorized the issuance of the Note in the principal amount of $1,200,000 payable on June 30, 2013.
for the purposes of executing the settlement agreement with PNC and indicated its willingness to authorize the purchase of renewals of the Note up to a maximum of five (5) years at the discretion of the County Treasurer;

WHEREAS, on June 11, 2013, the Sonoma County Board of Supervisors authorized the issuance of a 1-year renewal of an existing note in the principal amount of $1,200,000 issued and sold to the Sonoma County Treasurer to pay the Fair’s share of the settlement related to a photovoltaic installation project;

WHEREAS, in June 2014, the Fair made a principal payment of $200,000 in partial settlement of SONOMA COUNTY FAIR SERIES 2013-1 SONOMA COUNTY note.

WHEREAS, on June 10, 2014, the Sonoma County Board of Supervisors authorized the issuance of a 1-year renewal of an existing note in the principal amount of $1,000,000 issued and sold to the Sonoma County Treasurer to pay the Fair’s share of the settlement related to a photovoltaic installation project;

WHEREAS, on May 15, 2015, the Fair made a principal payment of $100,000 in partial settlement of SONOMA COUNTY FAIR SERIES 2014-1 SONOMA COUNTY note.

WHEREAS, on June 09, 2015, the Sonoma County Board of Supervisors authorized the issuance of a 1-year renewal of an existing note in the principal amount of $900,000 issued and sold to the Sonoma County Treasurer to pay the Fair’s share of the settlement related to a photovoltaic installation project;

WHEREAS, on April 26, 2016, the Fair made a principal payment of $200,000 in partial settlement of SONOMA COUNTY FAIR SERIES 2015-1 SONOMA COUNTY note.

WHEREAS, the County Treasurer has restated her willingness to purchase a renewal of the Note for a term of one (1) year at a fixed interest rate equal to the most recent quarterly pooled investment account earnings rate plus an additional 0.5 of 1.00 percent rounded up to the nearest .10 percent; and

NOW, THEREFORE, BE IT RESOLVED, that:

1. **Renewal Authorized.** The Board of Supervisors hereby authorizes the issuance of a renewal of the Note in the total principal amount of $700,000.

2. **The Note.** The $700,000 Note authorized by this Resolution shall be designated “Sonoma County, Fair Series 2016-1 Note” and is being issued pursuant to the provisions of Government Code Section 53850 et seq. The amount of the Note is less than eighty-five percent (85%) of the estimated revenue the County anticipates receiving in this fiscal year from certain revenues that will be used to pay back the Note.

3. **Security.** The account receivable constituting the security on which the Note is being issued is the anticipated revenue from the Fair Enterprise Fund. In addition, the County
pledges to pay the Note from any and all revenue lawfully available to the County for repayment, including, without limitation, the County General Fund.

4. The Project. The Project consisted of the payment in full of the outstanding balance of a loan issued by PNC for the Sonoma Photovoltaic Equipment.

5. Authorization to Borrow and Issue Note. Pursuant to the provisions of Government Code Section 53850 and following, the County shall borrow the principal sum of $700,000 and shall issue a single $700,000 principal amount note to evidence said indebtedness, which Note is hereby authorized to be issued for the purpose hereinabove set forth. The Note shall be issued in registered form, shall be dated June 14, 2016, and shall mature on June 22, 2017. The Note shall bear interest at a rate earned by funds invested by the Sonoma County Treasurer in his “pooled investment account” at a fixed rate equal to the most recent quarterly pooled earnings rate plus 0.5% of 1% percent rounded up to the nearest .10%. Payment shall be due at the time of maturity of the Note. The interest on principal of the Note shall be payable in lawful money of the United States of America at the office of the County Treasurer of Sonoma County, California. Upon issuance of the Note and delivery to the Treasurer, the Sonoma County, Fair Series 2015-1 Note shall be retired.

6. Note to be Callable and redeemable. The Note shall be callable and redeemable in whole or in part at any time following its issuance and before maturity by the Board of Supervisors upon giving the registered owner of the Note thirty (30) days’ prior written notice. The price of redemption shall be the prorated unpaid balance of principal and accrued interest at the date of redemption without penalty or premium.

7. Form of Note. The Note shall be substantially the following form:

UNITED STATES OF AMERICA STATE OF CALIFORNIA
SONOMA COUNTY FAIR SERIES 2015-1 SONOMA COUNTY
(SUBJECT TO CALL AND REDEMPTION)

NOTE

No. 2016-1 $700,000

The County of Sonoma, duly organized and existing under and pursuant to the Constitution and the laws of the State of California, for value received hereby promises to pay to the registered owner the principal sum of $700,000 on June 22, 2017, and to pay interest on such principal sum from the date hereof at a fixed rate equal to the most recent quarterly rate earned by funds invested by the Sonoma County Treasurer in his "pooled investment account" plus 0.5% of 1.0
percent rounded up to the nearest .10 percent. The principal of this Note and accumulated interest due shall be payable to the registered owner only upon presentation of this Note at maturity. Both the principal of and interest on this Note are payable in lawful money of the United States of America at the Office of the Sonoma County Treasurer.

This Note, in the principal amount of $700,000, represents the entire Note issue of the Series 2016 -1 Note issue, and is issued under and pursuant to the laws of the State of California, including the provisions of Section 53850 and following, of the California Government Code (the "law") and pursuant to a resolution (the "Resolution") adopted by the Board of Supervisors of the County of Sonoma. Reference is hereby made to the Resolution for a specific description of the security therein provided for the payment of the principal of and interest on this Note, to all of the provisions of which the registered owner hereof by his acceptance of this Note hereby consents and agrees, and each subsequent registered owner of this Note has recourse to all of the provisions of the Resolution and the Law and is bound thereby.

The Board hereby covenants and warrants that it will pay promptly, when due, the principal of this note and interest accruing hereon, all in accordance with the terms hereof and the terms and provisions set forth in the Resolution and the applicable Law.

It is hereby certified that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Note, together will all indebtedness and obligations of the County,’ does not exceed any limit prescribed by the Resolution or the laws of the State of California.

The Note is subject to call and redemption in whole or in part at any time prior to maturity without penalty or premium by the County giving the registered owner thirty (30) days’ prior written notice thereof.

IN WITNESS WHEREOF, the County has caused this note to be signed in its name by the Chair of the Board of Supervisors and countersigned by the Clerk of the Board, and has caused this note to be dated June 14, 2016.

_______________________    _________________________
Attest:                     Clerk of the Board
Chair, Board of Supervisors
8. **Authority to Execute Note.** The Chair of the Board of Supervisors who may be in office at the date of the Note or at any time thereafter prior to the delivery of the Note to the purchasers thereof is hereby authorized and directed as such officer to sign by his or her manual signature the Note and the Clerk of the Board who may be in office at the date of the Note are any time thereafter prior to such delivery of the Note is hereby authorized and directed as such officer to countersign by use of her manual signature the Note. If any officer whose signature or countersignature appears upon the Note ceases to be an officer of the Board before the delivery of the Note to the purchasers, his or her signature or countersignature shall nevertheless be valid and of the same force and effect as if she had remained such officer.

**Supervisors:**

Gorin: Rabbitt: Zane: Gore: Carrillo:  
Ayes: Noes: Absent: Abstain:  

So Ordered.