



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Treasurer-Tax Collector
Department No.: 065
For Agenda Of: 4/19/2022
Placement: Departmental
Estimated Time: 5 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Harry E. Hagen, CPA, CPFA, CPFO, CFIP, CGIP, ACPFIM
Director(s): Treasurer – Tax Collector
(805) 568 – 2490
Contact Info: LeAnne Hagerty, CPA, CPFO
Treasury Finance Chief
(805) 568 – 2498
SUBJECT: California Enterprise Development Authority Issuance of Tax-Exempt and/or Taxable Revenue Obligations for the Benefit of Cate School

County Counsel Concurrence

As to form: Yes

Other Concurrence: Debt Advisory Committee

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions: That the Board of Supervisors:

- A) Hold a public hearing in compliance with the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) regarding the issuance by the California Enterprise Development Authority (CEDA) of tax-exempt and/or taxable revenue obligations, for the benefit of Cate School, a California nonprofit public benefit corporation, and consider public comment; and
- B) Adopt a resolution of the Board of Supervisors of the County of Santa Barbara approving the issuance by the CEDA of its revenue obligations (Obligations) for the benefit of Cate School in an aggregate amount not to exceed \$22,000,000 for the purpose of financing, refinancing and/or reimbursing the cost of designing, constructing, renovating, remodeling, installing, equipping, and furnishing of certain educational facilities, providing the terms and conditions for such obligations and other matters relating thereto; and
- C) Determine that the above actions involve government funding mechanisms and/or fiscal activities and are not a project under the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(4) of the CEQA Guidelines.

Summary Text:

Cate School (School), a nonprofit public benefit corporation, has requested that the CEDA issue, from time to time, pursuant to a plan of finance, tax-exempt and/or taxable revenue obligations in an aggregate principal amount not to exceed \$22,000,000 for the benefit of the School, pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State (commencing with Section 6500) for the purpose of (a) financing, refinancing, and/or reimbursing the School for the cost of designing, constructing, renovating, remodeling, installing, equipping and furnishing the School's educational and boarding school campus facilities located on 150 acres at 1960 Cate Mesa Road (also referred to as 1970 Lillingston Canyon Road), Carpinteria, California 93013, including but not limited to an academic center, library, athletic facilities and related and appurtenant facilities (collectively, the "Facilities"), and (b) paying certain financing costs and costs of issuance in connection with the financing and/or refinancing.

This item was considered by the Santa Barbara County Debt Advisory Committee on March 29, 2022 and was approved for recommendation to the County Board of Supervisors.

Background:

CEDA and Cate School have provided the following information:

CEDA

CEDA is a joint powers authority established by the California Association for Local Economic Development (CALED) whose purpose is to issue tax-exempt and taxable conduit revenue bonds to fund commercial and industrial development projects within member jurisdictions. Federal and state laws provide the ability for cities and counties to join together under cooperative agreements to form joint powers authorities to issue tax-exempt and taxable bonds to fund projects that provide a public benefit and serve the needs of residents within the jurisdictions of the participating members. All cities and counties in California have the ability to act as an issuer of conduit revenue bonds, but many jurisdictions utilize joint powers authorities primarily for economies of scale, to access specialized transaction knowledge and resources, and to avoid using valuable local staff time on these types of transactions.

CEDA is a joint powers authority created by the cities of Selma, Lancaster and Eureka. There are more than 200 additional cities and counties who are associate members of CEDA, including the counties of Alameda, Imperial, Marin, Placer, Riverside, Sacramento, San Bernardino, Santa Clara, San Diego, San Francisco, Stanislaus, Sonoma, Ventura and Yolo. Pursuant to Resolution No. 10-288, adopted on October 26, 2010, the County of Santa Barbara became an associate member of CEDA. CEDA's activities are dedicated to providing economic development assistance to member jurisdictions as an extension of the economic development assistance provided by CALED to its members.

Because the Facilities are located within the County's jurisdiction and interest on the Obligations may be tax-exempt, a public hearing and the approval of the Obligations by the Board of Supervisors is required by Federal law.

CATE SCHOOL

Cate School (School) is a California nonprofit public benefit corporation and an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The School was founded in 1910 and is a four-year, coeducational college preparatory boarding school. The School looks for exceptional and motivated students who want to fully immerse themselves in a challenging educational experience. The School’s total student population stands at 298 (229 boarders / 69 day), with 56% of the boarding students from outside California and 17% from abroad. Students of color make up roughly 54% of the student population and 25% of the students receive need-based financial aid, which in the 2019-2020 school year was \$4,500,000.

The School’s student body is broad and diverse with 16 foreign nations represented in the 2019-20 school year including, Australia, Austria, Canada, China, El Salvador, Ghana, Hong Kong, Jamaica, Japan, Philippines, Russia, Saudi Arabia, Sierra Leone, Singapore, South Korea and Thailand. In addition, 25 states are represented in the student body.

The School’s student-teacher ratio is 5:1, with an average class size of 10. The School offers 153 courses and 51 advanced and honors courses.

CEDA will loan the proceeds of the Obligations to the School for the purpose of (a) financing, refinancing, and/or reimbursing the School for the cost of designing, constructing, renovating, remodeling, installing, equipping and furnishing the School’s educational and boarding school campus facilities located on 150 acres at 1960 Cate Mesa Road (also referred to as 1970 Lillingston Canyon Road), Carpinteria, California 93013, including but not limited to an academic center, library, athletic facilities and related and appurtenant facilities (collectively, the “Facilities”), and (b) paying certain financing costs and costs of issuance in connection with the financing and/or refinancing.

The following are the estimated Facilities improvement project sources and uses:

SOURCES

Tax-Exempt Loan Proceeds	\$22,000,000
School Equity Contribution	<u>\$4,112,635</u>
TOTAL SOURCES	<u>\$26,112,635</u>

USES

Building Construction	\$17,550,735
Facility Improvements	\$4,550,000
Equipment and Furnishings	\$683,615
Architectural & Engineering	\$2,878,285
Legal & Professional Fees	\$100,000
Financing Costs	\$150,000
Other Costs	<u>\$200,000</u>
TOTAL USES	<u>\$26,112,635</u>

Fiscal and Facilities Impacts: There is no financial impact to the County. CEDA will act as issuer and perform all of the necessary legal and administrative responsibilities associated with the financings. The Obligations are special, limited obligations of CEDA payable solely through the repayment of the loans from CEDA which repayment is used to pay the principal of and interest on the Obligations. The Obligations issued by CEDA are not an obligation of the County or any member of CEDA. Neither the faith or credit, nor the taxing power of the County, any member of CEDA, the State or any political subdivision is pledged to the repayment of the Obligations.

Special Instructions:

Please return one signed original resolution and the signed Certificate of the Clerk of the Board of Supervisors to the Treasurer Tax-Collector's office, Attention: LeAnne Hagerty.

Attachments:

Resolution of the Board of Supervisors of the County of Santa Barbara Approving the Issuance by the California Enterprise Development Authority of its Revenue Obligations for the Benefit of Cate School in an Aggregate Amount Not to Exceed \$22,000,000 for the Purpose of Financing, Refinancing and/or Reimbursing the Cost of Designing, Constructing, Renovating, Remodeling, Installing, Equipping, and Furnishing of Certain Educational Facilities, Providing the Terms and Conditions for Such Obligations and Other Matters Relating Thereto.

Authored by:

LeAnne Hagerty, CPA, CPFO, Treasury Finance Chief