



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: 2/1/2022
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 Midland School Corporation

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 Midland School Corporation, 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 California Enterprise Development Authority of its revenue obligations (Obligations) for the benefit of Midland School Corporation in an aggregate amount not to exceed \$6,000,000 for the purpose of financing or refinancing the design, construction, improvement, rehabilitation, 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:

Midland School Corporation (School), a nonprofit public benefit corporation, has requested that the CEDA issue, pursuant to a plan of finance, tax-exempt and/or taxable revenue obligations in an aggregate principal amount not to exceed \$6,000,000 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). The Obligations will be issued 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 2,860 acres at 5100 Figueroa Mountain Road, Los Olivos, California 93441, including upper yard cabins, student restrooms, a faculty duplex, faculty housing, and related and appurtenant facilities (collectively the Facilities); and (b) paying certain financing costs and costs of issuance in connection with the financing or refinancing.

This item was considered by the Santa Barbara County Debt Advisory Committee on December 17, 2021 and was approved for recommendation to the County Board of Supervisors.

Background:

CEDA and Midland School Corporation have provided the following information:

California Enterprise Development Authority (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 was 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.

MIDLAND SCHOOL CORPORATION

Midland School Corporation 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 is a small, co-ed college preparatory boarding school that prepares students for entry into competitive colleges and also teaches them how to raise livestock, grow vegetables and chop wood. The mission of the School is to provide a high-quality education to families of all economic means. Students are taught to put the needs of the community and the world above themselves. Students are taught a simple, self-reliant lifestyle, and to develop inner resources, distinguishing between needs and wants and to appreciate life’s fundamental joys and challenges.

The School was founded in 1932 during the Depression, by Paul Squibb, a Harvard graduate and his wife Louise. Mr. and Mrs. Squibb believed the essentials of a good education are a student, a teacher and an idea. The School was created as a small rural community that relies on the work of all its inhabitants to meet basic needs. Students live in cabins heated by small wood stoves. Cell phones are not allowed on campus. The library is wired with high-speed internet connections. The School’s academic philosophy is “Live Your Education”.

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 Facilities, and (b) paying certain financing costs and costs of issuance in connection with the financing or refinancing.

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

Sources:

Tax-Exempt Loan	\$6,000,000
Endowment / Capital Campaign	<u>\$5,553,000</u>

Total Sources:	<u>\$11,533,000</u>
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Uses:

Student Restrooms	\$3,700,000
Faculty Duplex #1	\$1,815,000
Faculty Duplex #2	\$2,000,000
Fire Hydrants	\$628,000
CUP Amendment	\$65,000
Upper Yard Cabins	\$3,200,000
Financing Costs	<u>\$125,000</u>

Total Uses	<u>\$11,533,000</u>
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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 full faith and 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 Midland School Corporation in an Aggregate Amount Not to Exceed \$6,000,000 for the Purpose of Financing or Refinancing the Design, Construction, Improvement, Rehabilitation, 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