



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: 8/23/2022
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 Dunn 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 Dunn 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 CEDA of its revenue obligations for the benefit of Dunn School in an aggregate amount not to exceed \$5,500,000 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:

Dunn 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 \$5,500,000 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) (i) financing, refinancing and/or reimbursing up to \$5,000,000 of the costs of certain capital expenditures to the School's educational facilities located at 2555 West Highway 154, Los Olivos, California 93441 and (ii) financing, refinancing and/or reimbursing up to \$500,000 of the costs of certain capital expenditures to the School's educational facilities located at 2925 Roblar Avenue, Santa Ynez, California 93460, 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 July 29, 2022 and was approved for recommendation to the County Board of Supervisors.

Background:

CEDA and Dunn 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 are required by Federal law.

DUNN SCHOOL

Dunn 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 1957 by Tony Dunn as “The Valley School” and is a private, co-educational, independent, college-preparatory boarding and day school for grades 6 through 12 located on 55 acres in the Santa Ynez Valley. The School’s mission is to educate the whole student to their fullest potential in preparation for a life of learning and responsible leadership in society. To accomplish this, the entire community is committed to understanding and living by the following core values: emotional wellness; physical readiness; intellectual growth; social responsibility and moral courage.

The School’s population includes 44% boarders and 56% day students. Dunn’s community is diverse and inclusive, with students of color making up roughly 44% of the student population and teachers and students from around the globe. The School’s student body is broad and diverse with students recently attending from 17 foreign nations including, Australia, Austria, Canada, China, El Salvador, Ghana, Hong Kong, Jamaica, Japan, Philippines, Russia, Saudi Arabia, Sierra Leone, Singapore, South Korea, Ukraine and Thailand. In addition, 25 states are represented in the student body. Dunn recently responded to the Ukraine refugee crisis by providing full scholarships for five Ukrainian students.

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) (i) financing, refinancing and/or reimbursing up to \$5,000,000 of the costs of certain capital expenditures to the School’s educational facilities located at 2555 West Highway 154, Los Olivos, California 93441 and (ii) financing, refinancing and/or reimbursing up to \$500,000 of the costs of certain capital expenditures to the School’s educational facilities located at 2925 Roblar Avenue, Santa Ynez, California 93460, and (b) paying certain financing costs and costs of issuance in connection with the financing and/or refinancing.

The following are the estimated improvement project sources and uses:

**DUNN SCHOOL
SOURCES AND USES**

<u>SOURCES</u>	
Tax-Exempt Loan	\$5,500,000.00
Borrower Equity	<u>\$100,000.00</u>
TOTAL SOURCES	<u>\$5,600,000.00</u>
<u>USES</u>	
Project Costs	\$5,500,000.00
Costs of Issuance	<u>\$100,000.00</u>
TOTAL USES	<u>\$5,600,000.00</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 Dunn School in an Aggregate Amount Not to Exceed \$5,500,000 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