

OFFICE OF THE
COUNTY ADMINISTRATOR

December 12, 2017

Matthew H. Hymel
COUNTY ADMINISTRATOR

Daniel Eilerman
ASSISTANT COUNTY
ADMINISTRATOR

Angela Nicholson
ASSISTANT COUNTY
ADMINISTRATOR

Marin County Civic Center
3501 Civic Center Drive
Suite 325
San Rafael, CA 94903
415 473 6358 T
415 473 4104 F
CRS Dial 711
www.marincounty.org/cao

Board of Supervisors
County of Marin
San Rafael, CA 94903

Subject: Tax-exempt financing by the California Enterprise Development Authority ("CEDA"); Consent to hold a Tax Equity and Fiscal Responsibility Act ("TEFRA") public hearing on December 12, 2017 regarding the issuance of not to exceed \$7,000,000 of tax-exempt conduit obligations for the benefit of Marin Horizon School, a California nonprofit public benefit corporation, and/or a related entity (the "Borrower"), to finance and/or refinance capital improvements to certain facilities at 260, 305 and 341 Montford Avenue, Mill Valley, California 94941.

Dear Board Members:

RECOMMENDED ACTION: It is recommended that the Board of Supervisors (1) conduct a public hearing and (2) approve the issuance of not to exceed \$7,000,000 of California Enterprise Development Authority Revenue Obligations (the "Obligations") for the benefit of the Borrower.

BACKGROUND: The County of Marin is an associate member of the California Enterprise Development Authority ("CEDA"), 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 law requires a public hearing before the Board of Supervisors prior to any bond issuance by CEDA for projects under the County's jurisdiction. If the Board of Supervisors does not approve the project, CEDA cannot issue bonds.

The Borrower operates an independent K-8 school on real property leased to the Borrower by the Mill Valley Unified School District. The Borrower was founded as a Montessori-inspired preschool in 1977 by a group of parents and faculty. The original campus was in a church basement near downtown Mill Valley. The Borrower added grades each year until the Borrower graduated its first class in 1987 with just 3 students.

The Borrower has grown to more than 300 students and moved its campus twice, first to Corte Madera and then in 1992 to the current site in Homestead Valley, Mill Valley. In January of 2008, the Borrower completed a brand new upper school building for the 4th - 8th grades and added a turf field. In August of

2013, the Borrower opened a renovated Toddler Cottage on Miller Avenue in Mill Valley for 24 students.

The Borrower’s program has grown to incorporate other educational approaches that complement the Montessori foundation. Most classes serve multi-age groups of students that enhance the learning process for both older and younger students. The curriculum is strongly multi-cultural and interdisciplinary. Arts, Music and Drama are often integrated into cultural studies and have an important place in the program.

CEDA will loan the proceeds of the Obligations to the Borrower to (a) finance and refinance the cost of acquisition, construction, installation, renovation, rehabilitation, improvement and equipping of educational and administrative facilities located at 260, 305 and 341 Montford Avenue, Mill Valley, California 94941 consisting of (i) a new two-story 4,400 square foot building which will replace portable structures and house a new library, classrooms and other educational facilities, and (ii) a new one-story 5,700 square foot building which will serve as a multi-purpose building for school community meetings, art activities, lunch room space and other uses, (iii) improvements to outdoor fields, play areas and landscaping, (iv) the Headmaster’s house and (v) other administrative property (collectively, the “Facilities”) and (b) to pay certain costs of issuance in connection with the financing (collectively, the “Project”).

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

The County is an associate member of CEDA, a joint powers authority established by CALED whose purpose is to issue tax-exempt and taxable conduit revenue bonds to fund commercial and industrial development projects within member jurisdictions.

The Joint Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California and Internal Revenue Code Section 145 provide for the issuance of tax-exempt “private activity” obligations by a conduit governmental issuer on behalf of a 501(c)(3) corporation to finance facilities owned by such entity. For interest on such private activity obligations to be tax-exempt, Section 147(f) of the Code requires, among other things, the obligations and the facilities financed thereby must be approved by both the governmental unit which will issue the obligations (in this case, CEDA) and the governmental unit in which the obligation-financed facilities are located (County of Marin). Further, a public hearing, for which reasonable notice has been given, must be held. This hearing and process is referred to as TEFRA, after the Tax Equity and Fiscal Responsibility Act of 1982.

The assets to be financed and/or refinanced with the proceeds of the Obligations are located within the jurisdiction of the County. Therefore, the County has been asked to conduct the public hearing, and to approve the Obligations as the host governmental unit. CEDA has effectuated proper notice of the hearing via publication at least 14 days in advance.

The Obligations will be payable solely from amounts received pursuant to the terms and provisions of the loan agreement to be executed by CEDA and the Borrower. The County will not be a party to the loan agreement or any other documents in connection with the issuance of the Obligations. The Obligations will not be secured by any form of taxation or by any obligation of either the County or CEDA. The Obligations do not represent or constitute a general obligation of either the County or CEDA.

FISCAL IMPACTS: None. The Obligations are a special, limited obligation of CEDA payable solely through the Borrower's repayment of the loan 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.

Please feel free to contact us should you have any questions or concerns.

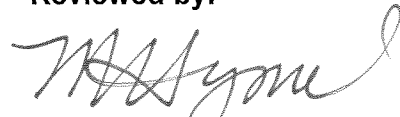
Reviewed By: County Counsel
 Treasurer-Tax Collector

Submitted by:



Daniel Eilerman
Assistant County Administrator

Reviewed by:



Matthew H. Hymel
County Administrator

cc: Brian Washington, County Counsel
 Roy Given, Director of Finance