



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 16-800, Version: 1

- a. Conduct a public hearing under the requirements of the Tax Equity and Financial Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended; and,
- b. Adopt a Resolution approving the issuance of tax-exempt revenue obligations by the California Enterprise Development Authority in an amount not to exceed \$28,500,000 for the benefit of Robert Louis Stevenson School to refund \$13,000,000 of variable rate bonds issued in 2001, \$15,300,000 of variable rate bonds issued in 2011, issuance costs, and other matters relating thereto.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Conduct a public hearing under the requirements of the Tax Equity and Financial Responsibility Act (TEFRA) and the Internal Revenue Code of 1986, as amended; and,
- b. Adopt a resolution approving the issuance of tax-exempt revenue obligations by the California Enterprise Development Authority in an amount not to exceed \$28,500,000 for the benefit of Robert Louis Stevenson School to refund \$13,000,000 of variable rate bonds issued in 2001, \$15,300,000 of variable rate bonds issued in 2011, issuance costs, and other matters relating thereto.

SUMMARY AND DISCUSSION:

Robert Louis Stevenson School, a California nonprofit public benefit corporation (the “Borrower”) and the California Enterprise Development Authority (the “Authority”), have requested that the County conduct a TEFRA hearing and approve a resolution in accordance with Internal Revenue Code Section 147(f) authorizing the issuance of tax-exempt obligations by the Authority in an amount not to exceed \$28,500,000. A TEFRA hearing is required by the Internal Revenue Code before tax-exempt debt can be issued for the benefit of a private nonprofit corporation. The hearing gives the public an opportunity to comment on the use of tax-exempt funds by the Borrower. The issuance of the obligations as tax-exempt will reduce financing costs and debt service costs for the Borrower.

The proceeds of the obligations will be used to (a) to refund the outstanding \$13,000,000 California Statewide Communities Development Authority Adjustable Rate Development Revenue Bonds (Robert Louis Stevenson School Project) Series 2001 (the “Series 2001 Bonds”), the proceeds of which were used to pay the cost of, or reimburse the Borrower for (1) the construction, rehabilitation, improvement and equipping of various school facilities for the Borrower, including, but not limited to, improvements to Douglas Hall and Keck Auditorium, improvements to various athletic fields and grounds, construction of a student center and other school related facilities at 3152 Forest Lake Road, Pebble Beach, California 93953, 24800 and 24828 Dolores Street, Carmel, California 93921, 1225 and 1227 Silver Court, Pebble Beach, California 93953, and 1223 Bristol Lane, Pebble Beach, California, and other adjacent properties (collectively, the “2001 Facilities”), and (2) paying the costs of issuance in connection with the Series 2001 Bonds; (b) to refund the outstanding \$15,300,000 California Enterprise Development Authority Variable Rate Demand Revenue Bonds (Robert Louis Stevenson School Project) Series 2011, the proceeds of which were used for a portion of the cost of the acquisition, construction,

rehabilitation, improving and/or equipping the Borrower's facilities located at 3152 Forest Lake Road, Pebble Beach, California 93953, 1225 Silver Court, Pebble Beach, California 93953, 1201 and 1203 Benbow Place, Pebble Beach, California 93953 and other adjacent properties, including, but not limited to, (1) facilities comprising the residence used by the President of the Borrower, (2) dormitory facilities for students including approximately 20 new beds, (3) 5 new apartments for faculty and senior staff members, and (4) other general capital improvements to the Borrower's campus (the "2011 Facilities" and, together with the 2001 Facilities, the "Facilities"); and (c) pay certain costs of issuance in connection with the Obligations. The Facilities are owned by the Borrower and operated by the Borrower in connection with its tax-exempt mission of preparing students for success in school, college and beyond, to foster students' passion for learning and achievement and to help them shape a joyful life.

The [California Enterprise Development Authority <http://ceda.caled.org/>](http://ceda.caled.org/) is a Joint Exercise of Powers Authority created in 2006 to address gaps in economic development financing to help fund projects for nonprofit organizations located within current and future member jurisdictions.

A public notice (attachment A) of today's public hearing was published on behalf of Monterey County at least two weeks prior to the hearing in the Monterey Herald newspaper by the law firm of Kutak Rock LLP.

OTHER AGENCY INVOLVEMENT:

County Counsel and the County Administrative Office have reviewed this request and concur with the recommendation.

FINANCING:

Staff costs for conducting this TEFRA hearing are born by the Auditor-Controller Department 1110. The obligations are limited obligations of the Authority, payable solely from payments received by the Authority pursuant to a loan agreement with the Borrower. The obligations will not constitute indebtedness to the County.

Prepared by: Ron Holly, Chief Deputy Auditor-Controller, x5493

Approved by: Michael J. Miller, CPA, CISA, Auditor-Controller, x5084

Attachments:

Resolution

Public Notice