



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 7/22/2014  
Agenda Placement: 9D  
Set Time: 9:45 AM PUBLIC HEARING  
Estimated Report Time: 5 Minutes

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

---

**TO:** Board of Supervisors

**FROM:** Minh Tran - County Counsel  
County Counsel

**REPORT BY:** JACQUELINE M. GONG, ATTORNEY IV - 259-8249

**SUBJECT:** Public Hearing for Approval of Obligation Issuance by ABAG Finance Authority for the Benefit of St. Helena Montessori School

---

### **RECOMMENDATION**

County Counsel requests the following Board actions regarding a request by St. Helena Montessori School, Inc.:

1. Conduct a public hearing on the issuance by Association of Bay Area Governments Finance Authority for Nonprofit Corporations ("ABAG") of Obligations not to exceed \$10,000,000 for the benefit of the Borrower St. Helena Montessori School, Inc.; and
2. Adopt a resolution approving the issuance by ABAG of the Obligations for the benefit of the Borrower.

### **EXECUTIVE SUMMARY**

St. Helena Montessori School, Inc. (the "Borrower") and the Association of Bay Area Governments Finance Authority ("ABAG" or the "Authority") are requesting the County's assistance in connection with a proposed tax-exempt financing (the "Financing"). The Financing will result in issuance of no more than \$10,000,000 in tax exempt obligations (the "Obligations"). These Obligations are for the financing and refinancing of the cost of acquisition, construction, installation, renovation and equipping of a 20-acre campus located at 880 College Avenue, St. Helena, California 94574 (the "Property"), including a 3,904 square foot administration building, three educational buildings totalling 20,519 square feet of classrooms, seminar rooms, libraries and a dedicated science laboratory, an indoor-outdoor amphitheater and other educational facilities (the "Facilities"). There is no fiscal impact to the County and the County has no obligation for the Financing.

### **PROCEDURAL REQUIREMENTS**

1. Open Public Hearing.
2. Staff Report.

3. Public Comment.
4. Close Public Hearing.
5. Motion, second, discussion and vote on Resolution approving ABAG's Issuance of Obligations for the benefit of the Borrower.

**FISCAL IMPACT**

Is there a Fiscal Impact?                      No

**ENVIRONMENTAL IMPACT**

The action is not subject to CEQA as it is not a project as defined under CEQA and in addition it can be seen with certainty that the action will have no significant effect on the environment (State CEQA Guidelines Sections 15378 and 15061(b)(3)).

**BACKGROUND AND DISCUSSION**

The Borrower is a California nonprofit corporation, operating a Montessori-style school which serves approximately 200 students from preschool through ninth grade. The Borrower's campus is located on twenty acres in the City of St. Helena. The school is accredited by the Association Montessori Internationale (AMI).

ABAG is a joint powers authority (JPA) 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. The County is already an associate member of ABAG. The obligations, debts and liabilities of ABAG are separate from those of any of its members; the members assume no responsibility for the obligations, debts and liabilities of the JPA.

In addition, federal law requires a public hearing before the Board of Supervisors to approve the issuance of financing obligations by ABAG for projects under the County's jurisdiction. If the Board of Supervisors does not approve the issuance, ABAG cannot issue the Obligations to the Borrower.

The proceeds of the Obligations will be used by the Borrower to (i) refinance the cost of acquisition, construction, installation, renovation and equipping of a 20-acre campus located at 880 College Avenue, St. Helena, California 94574 (the "Property"), including a 3,904 square foot administration building, three educational buildings totaling 20,519 square feet of classrooms, seminar rooms, libraries and a dedicated

science laboratory, an indoor-outdoor amphitheater and other educational facilities (the "Facilities"), (ii) finance the cost of construction, installation, renovation and equipping of additional improvements to the Facilities, and (iii) pay certain costs of issuance in connection with the Obligations. The issuance of the Obligations may be completed through ABAG only if the County approves the financing.

The adoption of the Resolution approving the issuance of the Obligations complies with the requirements of Section 147(f) of the Internal Revenue Code of 1986 and Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code. The County does not bear any responsibility for the tax-exempt status or debt service of the Obligations, or for any other matter related to the Obligations. Neither the Authority nor the County will incur any debt as a result of the issuance of the Obligations. The County will not be a signatory to the Financing and the funds will not flow through the County treasury. The Obligations are a special, limited obligation of ABAG payable solely through the Borrower's repayment of the loan which repayment is used to pay the principal of and interest on the Obligations. Accordingly, neither the full faith or credit, nor the taxing power of the County, any member of ABAG, the State or any political subdivision is pledged to the repayment of the Obligations.

Representatives of the Borrower and its financial advisor are expected to attend the hearing at no cost to the County to address any questions about the project or the Financing.

#### **SUPPORTING DOCUMENTS**

A . Resolution

CEO Recommendation: Approve

Reviewed By: Helene Franchi