



Report to the City Council
Council Meeting of July 12, 2016

Agenda Section: Public Hearing

Subject: Consideration and proposed approval of a resolution approving the issuance of revenue bonds by the California Statewide Communities Development Authority ("CSCDA") for the purpose of financing the improvement of certain educational facilities located in St. Helena, California for the benefit of the Culinary Institute of America ("Borrower")

CEQA Status: Not a CEQA project

Prepared By: April Mitts, Finance Director

Approved By: Noah Housh, Acting City Manager/Planning and Community Improvement Director NH

BACKGROUND

The Culinary Institute of America ("Borrower") has requested that CSCDA serve as the issuer of the Bonds in an aggregate principal amount not to exceed \$40,000,000 of tax-exempt revenue bonds. The proceeds of the Bonds will be used to finance the Greystone Campus in St. Helena and the COPIA facilities in the City of Napa. The City of Napa will be conducting its own TEFRA hearing for the COPIA portion of the financing.

Greystone Campus Improvements (the "Project"):

Approximately \$14 million of the \$40 million in total bond funds will be used for the Greystone facility. Renovations will include the following:

- Third floor teaching kitchens which will optimize space utilization.
- New bakeshops will be built to occupy the south end of the third floor which will provide a much needed update of equipment as well as an increase in student capacity.
- A new Special Events kitchen will be created to better isolate and support the needs of Greystone's popular catering operations.
- The former restaurant space will be repurposed to provide a much needed solution to student dining which will become integrated into the curriculum.

- First floor renovations will include the consolidation of administrative and support activities to include the creation of a new, energy efficient, storeroom and support operations housed in newly excavated underground caves. Several of the support activities, such as custodial and engineering, that are currently housed on the first floor will be strategically relocated to the areas closer to where the staff and equipment is more regularly deployed to the back of the third floor areas.

In order for the Bonds to qualify as tax-exempt bonds, the City of St. Helena must conduct a public hearing (the "TEFRA Hearing") providing for the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. In the local newspaper of general circulation within the City a notice that a public hearing regarding the Bonds was published on June 23, 2016 in the Napa Valley Register giving notice to the community and an opportunity to speak on the Project. Following the close of the TEFRA Hearing, an "applicable elected representative" of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project.

DISCUSSION

CSCDA is a joint powers authority sponsored by the League of California Cities ("League") and the California State Association of Counties ("CSAC"). CSCDA was created by the League and CSAC in 1988 to enable local government and eligible private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California. CSCDA is comprised of more than 500 members, including the City of St. Helena. CSCDA has issued more than \$53 billion through 1,500 plus financings since 1988 and consistently ranks in the top 10 of more than 3,000 nationwide public issuers of tax-exempt debt, as measured by annual issuance amount.

The Joint Exercise of Powers Agreement provides that CSCDA is a public entity, separate and apart from each member executing such agreement. The debts, liabilities and obligations of CSCDA do not constitute debts, liabilities or obligations of the members executing such agreement.

The Bonds to be issued by CSCDA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City or the State of California, but are to be paid for solely from funds provided by the Borrower.

Participation by the City in CSCDA will not impact the City's appropriations limits and will not constitute any type of indebtedness by the City. Outside of holding the TEFRA hearing and adopting the required resolution, no other participation or activity of the City or the City Council with respect to the issuance of the Bonds will be required.

FISCAL IMPACT

None. The issuance of Bonds by the CSCDA will be through the Culinary Institute of America.

RECOMMENDED ACTION

It is recommended that the St. Helena City Council hold a public hearing under the requirements of TEFRA and the Internal Revenue Code of 1986, as amended (the "Code") and Adopt Resolution No. 2016-____, A Resolution of the City Council of the City of St. Helena approving the issuance of the Bonds by CSCDA for the benefit of the Culinary Institute of America, to provide for the financing of the Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).

ATTACHMENTS

Attachment A – Resolution No. 2016-_____

CITY OF ST. HELENA

RESOLUTION NO. 2016-____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ST. HELENA OF NAPA COUNTY APPROVING THE ISSUANCE OF THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY REVENUE BONDS (THE CULINARY INSTITUTE OF AMERICA PROJECT), SERIES 2016B IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$14,000,000 FOR THE PURPOSE OF FINANCING THE RENOVATION, IMPROVEMENT AND EQUIPPING OF AN EDUCATIONAL FACILITY AND CERTAIN OTHER MATTERS RELATING THERETO

RECITALS

WHEREAS, The Culinary Institute of America, a New York nonprofit corporation (the "Corporation"), has requested that the California Statewide Communities Development Authority (the "Authority") participate in the issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$14,000,000 (the "Bonds") for the construction, renovation, improvement and equipping of an approximately 102,710 square foot building that serves as the main building of a culinary educational facility located at 2555 Main Street, St. Helena, California (the "Facilities") to be owned and operated by the Corporation (the "Project") and located within the City of St. Helena of Napa County (the "City"); and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the issuance of the Bonds by the Authority must be approved by the City because the Facilities are located within the territorial limits of the City; and

WHEREAS, the City Council of the City (the "City Council") is the elected legislative body of the City and is one of the applicable elected representatives required to approve the issuance of the Bonds under Section 147(f) of the Code; and

WHEREAS, the Authority has requested that the City Council approve the issuance of the Bonds by the Authority for the purposes of financing the Project in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 of the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local agencies, including the City;

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority;

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of St. Helena as follows:

Section 1. The City Council hereby approves the issuance of the Bonds by the Authority for the purposes of financing the Project. It is the purpose and intent of the City Council that this resolution constitute approval of the issuance of the Bonds by the Authority and of the financing of the Project, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the issuer of the Bonds and the governmental unit having jurisdiction over the area in which the Facilities are located, in accordance with said Section 147(f) and (b) Section 9 of the Agreement.

Section 2. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

Section 3. This resolution shall take effect immediately upon its adoption.

Approved at a Regular Meeting of the St. Helena City Council on July 12, 2016 by the following vote:

Mayor Galbraith: _____
Vice Mayor White: _____
Councilmember Crull: _____
Councilmember Dohring: _____
Councilmember Pitts: _____

APPROVED:

ATTEST:

Alan Galbraith, Mayor

Cindy Black, City Clerk

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