



## Legislation Text

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**File #:** 12-1287, **Version:** 2

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HEARING to consider adoption of Resolution **171-2014** approving the issuance by the California Statewide Communities Development Authority of one or more series of tax-exempt obligations for the benefit of California Shock Trauma Air Rescue. (Tax Equity and Fiscal Responsibility Act) (Est. Time: 5 Min.)

### **Fiscal Impact/Change to Net County Cost**

No Change. There is no financial obligation or cost to the County. The tax-exempt obligations are special, limited obligations of the Authority payable solely by California Shock Trauma Air Rescue, the borrower, and will not be direct obligations of the Authority, the County or any member of the Authority. Neither the faith or credit, nor the taxing power of the County, any member of the California Statewide Communities Development Authority, the State or any political subdivision is pledged to the repayment of the obligations.

### **Background**

California Shock Trauma Air Rescue (“CALSTAR”) is a California nonprofit 501(c) (3) public benefit corporation that provides a medical transportation system available on a 24-hour basis that brings rapid, on-site medical care to critically ill or injured patients. CALSTAR has requested a plan of finance for the issuance of one or more series of tax-exempt revenue bonds, notes or other evidence of indebtedness in an aggregate principal amount not expected to exceed \$50,000,000 (the “Obligation”) through the California Statewide Communities Development Authority (“CSCDA”).

The Board of Supervisors held a similar public hearing on behalf of CSCDA for CALSTAR on October 16, 2012, and adopted Resolution 153-2012, approving the issuance of one or more series of revenue notes in an aggregate principal amount not to exceed \$55,000,000. Detail from the October 2012 hearing is attached.

State law provides the ability for cities and counties to join together under cooperative agreements to form joint powers authorities to issue debt obligations to fund projects that provide a public benefit and serve the needs of residents within the jurisdictions of the participating members. Federal law allows these obligations to be issued on a tax-exempt basis under certain circumstances. Cities and counties in California have the ability to act as issuers of conduit bonds and other obligations, but many jurisdictions utilize joint powers authorities such as this, primarily for economies of scale and to access specialized transaction knowledge and resources.

CSCDA is authorized pursuant to the provisions of California Government Code Section 6500 et seq. and the terms of an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the “Agreement”), among certain local agencies throughout the State of California, including the County of El Dorado (the “County”), to issue revenue bonds, notes or other evidence of indebtedness in accordance with Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California.

The County became a member of CSCDA in 1988. CSCDA is not permitted to issue bonds or notes

for a project without first conducting a public Tax Equity and Fiscal Responsibility Act (TEFRA) hearing and obtaining permission from the governing board of the jurisdiction(s) in which the project is located.

The CSCDA contacted the County with a request to prepare a public hearing before the Board to meet the requirements of state and federal law, including the Tax Equity and Fiscal Responsibility Act ("TEFRA") because CALSTAR will be using a portion of proceeds of the Obligation to (1) finance or refinance the acquisition of air rescue helicopters and related equipment and property that will be maintained at various California locations, including South Lake Tahoe, and (2) pay certain expenses incurred in connection with the issuance of the Obligations.

The CALSTAR equipment will be located at one or more of the following addresses: (i) 13750 Lincoln Way, Auburn, CA 95603; (ii) 177 John Glenn Drive, Concord, CA 94530; (iii) 540 Cohansey Ave., Gilroy, CA 95020; (iv) 1351 S. State St., Ukiah, CA 95482; (v) 20A Mortensen Ave., Salinas, CA 93905; (vi) 1901 Airport Blvd., South Lake Tahoe, CA 96150; (vii) 3996 Mitchell Road, Santa Maria, California 93455, (viii) 301 Country Airport Road, Vacaville, CA 95688; (ix) 4933 Bailey Loop, McClellan, CA 95652; (x) 4917 Bailey Loop, McClellan, CA 95652; and (xi) near 8991 Earhart Road, Oakland, CA 94621 at North Field, Oakland International Airport, L310-A, and will be owned and operated by the CALSTAR.

### **Reason for Recommendation**

The financing for CALSTAR involves the issuance of one or more series of tax-exempt obligations and may be completed through CSCDA if the County approves the financing, as the County is a member of CSCDA.

The purpose of this TEFRA hearing is to receive public comment and to request Board approval of the financing, as required by the Internal Revenue Code of 1986, as amended. Bond Counsel in this transaction, Gilmore & Bell, P.C., has properly prepared and published on September 17, 2014, at least 14 days prior to the date hereof, in a newspaper of general circulation within the County, a notice that a public hearing regarding the bonds would be held on this date. Bond Counsel also prepared the attached resolution, reviewed by County Counsel.

The County is one of the appropriate entities to conduct a public hearing and approve the issuance of the Obligation and the use of the proceeds of the Obligation pursuant to Section 147(f) of the Internal Revenue Code before the issuance of tax-exempt obligations. In this case, CALSTAR approached CSCDA for the financing, and therefore that CSCDA has taken the lead. Separate TEFRA hearings are being held in other jurisdictions in which CALSTAR operates and that will benefit from the issuance of the proceeds of these Obligations.

In order to initiate financing, the member participant of the CSCDA in which the project is located must (1) conduct a public hearing and (2) approve the CSCDA's issuance of indebtedness in order to satisfy the public approval requirements of Section 147(f) of the Tax Code. Therefore, although the CSCDA will undertake the financing of CALSTAR, the financing cannot proceed without the approval of the County of El Dorado. Bond Counsel has advised that the County will incur no fiscal liability for the financing by reason of its holding of the public hearing and approval of the issuance of one or

more series of tax-exempt obligations by CSCDA.

The residents of El Dorado County will benefit from the primary mission of CALSTAR, which is to provide critical medical transportation and on-site medical care to critically ill patients.

**Action(s) to be taken by the Clerk of the Board:**

Board Clerk to provide Chief Administrative Office, Economic Development, with two (2) Certified Resolutions

**Contact**

Kim Kerr, Assistant Chief Administrative Officer

**Concurrences**

County Counsel approved as to form on September 23, 2014.