



Legislation Text

File #: 17-0844, **Version:** 1

HEARING - Community Development Services, Planning and Building Department, recommending the Board conduct a public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act of the Internal Revenue Code of 1986, as amended, to consider adoption and authorizing the Chair to sign Resolution **131-2017** approving the issuance of bonds by the California Municipal Finance Authority, in the aggregated principal amount not to exceed \$30,000,000, to finance and refinance the cost of the acquisition and improvement of educational facilities located at 4250 Town Center Boulevard, El Dorado Hills (unincorporated El Dorado County), California, with the Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrowers, and the County 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. (Est. Time: 5 Min.)

FUNDING: California Municipal Finance Authority Charter School Lease Revenue Bonds (John Adams Academy, El Dorado Hills) Series 2017.

DEPARTMENT RECOMMENDATION

HEARING: Community Development Services (CDS), Planning and Building Department, recommending the Board conduct a public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act (TEFRA) of the Internal Revenue Code of 1986, as amended, to consider adoption of Resolution **131-2017** approving the issuance of bonds by the California Municipal Finance Authority (CMFA), in the aggregated principal amount not to exceed \$30,000,000, the Bonds, to finance and refinance the cost of the acquisition and improvement of educational facilities located at 4250 Town Center Boulevard (Blvd.), El Dorado Hills (unincorporated El Dorado County), California (the Project).

DISCUSSION / BACKGROUND

John Adams Academies, Inc., on behalf of JAA El Dorado Hills Holdings, LLC, a California limited liability company has requested that the CMFA serve as the municipal issuer of tax-exempt and/or taxable Bonds in an aggregate principal amount not to exceed \$30,000,000. The proceeds of the Bonds will be used to:

- (1) Finance the acquisition of an approximately 15-acre site and the existing improvements thereon, including an approximately 90,000 square-foot building located at 4250 Town Center Blvd., El Dorado Hills (unincorporated El Dorado County), California;
- (2) Improve the site and the building and acquire and install fixtures, furniture, and equipment for public charter school use;
- (3) Fund a debt service reserve fund, if necessary; and
- (4) Pay certain expenses incurred in connection with the issuance of the Bonds. The facilities are to be owned by JAA El Dorado Hills Holdings, LLC and operated by John Adams Academies, Inc., a nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, or an affiliate thereof.

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the County of El Dorado 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. 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.

The County’s Zoning Ordinance does not regulate the siting of local public schools and the Project is not subject to discretionary review and approval by the County under its Zoning Ordinance.

The County will serve as a responsible agency for purposes of any environmental review process that may be required for the Project.

CMFA

On October 28, 2014 (Item 8), the Board conducted a TEFRA hearing for the benefit of Goodwill Industries with locations in El Dorado County, and joined the CMFA Joint Powers Authority to facilitate issuance of tax-exempt bonds.

The CMFA was created on January 1, 2004, pursuant to a joint exercise of powers agreement to promote economic, cultural, and community development through the financing of economic development and charitable activities throughout California. To date, over 200 municipalities, including the County of El Dorado, have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations, and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA's representatives and its Board of Directors have considerable experience in bond financing.

The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrowers, and the County 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 County or the State of California, but are to be paid for solely from funds provided by the Borrower.

Outside of holding the TEFRA hearing and adopting the required Resolution, no other participation or activity of the County or the Board of Supervisors, with respect to the issuance of the bonds, will be required.

TEFRA

In order for all or a portion of the Bonds to qualify as tax-exempt bonds, the County of El Dorado must conduct a public hearing under the TEFRA of 1982, as amended, 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. There has been published, at least fourteen days prior to the date of this hearing, in a newspaper of general circulation within the County, a notice that a public hearing regarding the Bonds would be held on this date.

In accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended, following the close of the TEFRA hearing, an “applicable elected representative” of the governmental unit with elected representative and jurisdiction over the area in which the Project to be financed is located, in

this case the El Dorado County Board of Supervisors, must provide its approval of the issuance of the Bonds for the financing of the Project.

The issuance of revenue Bonds by the CMFA, payable solely by the Borrower, shall not obligate the County or any department thereof to:

- 1) Provide any financing to acquire, rehabilitate, or construct the Project or any refinancing of the Project;
- 2) Approve any application or request for or take any other action in connection with any planning approval, permit, or other action necessary for the acquisition, rehabilitation, or operation of the Project;
- 3) Make any contribution or advance any funds whatsoever to the CMFA; or
- 4) Take any further action with respect to the CMFA or its membership therein.

ALTERNATIVES

The Board may decline approval of the Resolution which would prevent the issuance of revenue bonds in support of the Project.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel has approved the proposed Resolution.

CAO RECOMMENDATION]

It is recommended that the Board approve this item.

FINANCIAL IMPACT

There is no financial obligation or Net County Cost associated with this item. The County will have no financial, legal, moral obligation, liability, or responsibility for repayment of the revenue Bonds.

CLERK OF THE BOARD FOLLOW UP ACTIONS

- 1) Clerk of the Board will obtain the Chair's signature on the Resolution
- 2) Clerk of the Board will forward one certified copy of the signed Resolution to Ronald E. Lee, Esq., Jones Hall APLC, 475 Sansome Street, Suite 1700, San Francisco, CA 94111.
- 3) Clerk of the Board will forward one (1) certified copy of the signed Resolution to CDS Planning and Building Department, Housing, and Community Economic Development Program, attention of C.J. Freeland.

STRATEGIC PLAN COMPONENT

Economic Development and Healthy Communities.

CONTACT

Roger Trout, Director
Community Development Services, Planning and Building Department