

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
BOARD ACTION SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA #: \*B-3

AGENDA DATE: November 21, 2017

**SUBJECT:**

Approval to Set a Public Hearing on December 5, 2017 at 9:10 a.m., Pursuant to the Tax and Equity Fiscal Responsibility Act (TEFRA), Relating to the Proposed Issuance by the California Municipal Finance Authority of Conduit Revenue Bonds for Use by Turlock Christian Schools

**BOARD ACTION AS FOLLOWS:**

No. 2017-654

On motion of Supervisor Olsen, Seconded by Supervisor DeMartini  
and approved by the following vote,

Ayes: Supervisors: Olsen, Monteith, DeMartini, and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: Withrow

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

ATTEST: Elizabeth A. King  
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
AGENDA ITEM**

DEPT Chief Executive Office

Urgent  Routine

BOARD AGENDA #: \*B-3

AGENDA DATE: November 21, 2017

CEO

CONCURRENCE: *phc*

4/5 Vote Required: Yes  No

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**SUBJECT:**

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**STAFF RECOMMENDATIONS:**

1. Set a Public Hearing on December 5, 2017 at 9:10 a.m., pursuant to the Tax and Equity Fiscal Responsibility Act (TEFRA) relating to the proposed issuance by the California Municipal Finance Authority of conduit revenue bonds for use by Turlock Christian Schools.

**DISCUSSION:**

Turlock Christian Schools (the "Borrower") has requested that the California Municipal Finance Authority (CMFA) serve as the municipal issuer of tax-exempt revenue bonds (the "Loan") in an aggregate principal amount not to exceed \$10 million. The proceeds of the bonds will be used to:

- (a) refinance certain outstanding indebtedness of the Borrower, in the principal amount of approximately \$4,600,000, incurred to finance and refinance the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities, equipment and improvements of the Borrower's educational facilities located on its elementary school campus (the "Elementary Campus") located at 2323 Colorado Ave., Turlock, CA 95382 (the "Existing Facilities"), located within the territorial limits of the County;
- (b) finance the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities, equipment and improvements for the Borrower's educational and related and ancillary facilities, including athletic facilities, all to be located at the Elementary Campus, 1619 E. Monte Vista Ave., Turlock, CA 95382, 700 E. Monte Vista Ave., Turlock, CA 95382, 3500 North Quincy Road, Denair, CA 95316 and/or 2006 E. Tuolumne Rd., Turlock, CA 95382 (together with the Existing Facilities, the "Facilities"); and
- (c) pay certain costs of issuance of the Loan.

The Facilities financed or refinanced with proceeds of the Loan are, or will be upon acquisition and placement in service, operated by the Borrower.

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

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development and charitable activities throughout California. To date, over 275 municipalities including Stanislaus County, 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 financings.

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

Section 147(f) of the Internal Revenue Code of 1986 requires that both the governmental unit that issues the bonds (the "issuer") and a governmental unit with jurisdiction over the location of the financed project (the "host") approve the issuance of qualified private activity bonds. These approvals are referred to as the "issuer approval" and the "host approval". For purposes of the Turlock Christian Schools financing project, CMFA is the issuer, and Stanislaus County is the host governmental unit.

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. The bonds to be issued by the CMFA will be the sole obligation of the Borrower, Turlock Christian Schools; the County will not be liable for repayment of the bonds under any circumstances.

The Debt Advisory Committee comprised of the Chief Executive Officer, Treasurer-Tax Collector, Assistant County Counsel, Planning Director, Public Works Director, and Auditor-Controller will meet and review this request on November 17, 2017 in advance of the Board of Supervisors consideration to set the requested public hearing.

The public notice for the recommended December 5, 2017 public hearing has been posted due to advance notification requirements to the local newspaper, conditioned on the approval by the Board of Supervisors on November 21, 2017. If the Board of Supervisors does not approve the setting of the requested public hearing, the public will be so notified.

**POLICY ISSUE:**

The Board of Supervisors is asked to set the Public Hearing under the requirements of the Tax and Equity Fiscal Responsibility Act (TEFRA) and in accordance with the Internal Revenue Code of 1986.

Turlock Christian Schools is an independent Christian school that provides a purpose-driven college preparatory program. Should the Board opt not to conduct the Public Hearing this would most likely terminate the financing for Turlock Christian Schools, which in turn would impact Turlock Christian Schools' ability to better serve the community.

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**FISCAL IMPACT:**

Administrative costs of staff time and publication costs associated with processing Turlock Christian Schools' request to hold the TEFRA public hearing on their behalf for the issuance of conduit revenue bonds will be recovered from CMFA through a sharing of their issuance fee with the County when the bonds close. The payment to the County is anticipated to be approximately \$4,750.

Conduit revenue bonds are issued by public agencies in California and other states, where the proceeds of the bonds are lent to for-profit or nonprofit entities to finance capital assets in accordance with the requirements of the Internal Revenue Code of 1986. These bonds are a special limited obligation of the Authority payable solely through the Borrower's repayment of the Loan from the Authority, which repayment is used to pay the principal and interest on the bonds. The County is in no way obligated on the debt.

**BOARD OF SUPERVISORS' PRIORITY:**

Approval of the staff recommendation supports the Board of Supervisors' priorities of Efficient Delivery of Public Services and Effective Partnerships by supporting the request for a TEFRA Public Hearing received from Turlock Christian Schools in accordance with the Internal Revenue Code of 1986.

**STAFFING IMPACT:**

Existing staff of the Debt Advisory Committee, including the Chief Executive Office and County Counsel, have and will assist in providing the necessary support for the TEFRA Hearing. There are no other staffing impacts associated with this item.

**CONTACT PERSON:**

Patricia Hill Thomas, Assistant Executive Officer. Telephone (209) 525-6333

Patrice Dietrich, Assistant Executive Officer. Telephone (209) 525-6333

**ATTACHMENT(S):**

Attachment 1 – TEFRA Notice of Public Hearing – November 21, 2017

Attachment 1

TEFRA Notice of Public Hearing – November 21, 2017

**NOTICE OF PUBLIC HEARING IN CONNECTION WITH  
THE ISSUANCE OF BONDS, OR EXECUTION OF A LOAN TRANSACTION, BY THE  
CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE BENEFIT OF  
TURLOCK CHRISTIAN SCHOOLS IN THE AGGREGATE  
PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000**

PUBLIC NOTICE IS HEREBY GIVEN that a public hearing will be held by the Board of Supervisors of the County of Stanislaus, California (the "County"), in the Board Chambers – Basement Level, 1010 10<sup>th</sup> Street, Modesto, California on Tuesday, December 5, 2017, at 9:10 A.M. or as soon thereafter as the matter can be heard on the proposed issuance of bonds, or the execution of a loan transaction (such bonds or loan referred to as the "Loan"), by the California Municipal Finance Authority (the "Authority") for the benefit of Turlock Christian Schools (the "Borrower"), a nonprofit corporation duly organized and existing under the laws of the State of California, in the aggregate principal amount not to exceed \$10,000,000 for the purpose of providing funds to:

(a) refinance certain outstanding indebtedness of the Borrower, outstanding in the principal amount of approximately \$4,600,000, incurred to finance and refinance the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities, equipment and improvements of the Borrower's educational facilities located on its elementary school campus (the "Elementary Campus") located at 2323 Colorado Ave., Turlock, CA 95382 (the "Existing Facilities"), located within the territorial limits of the County;

(b) finance the construction, acquisition, installation, renovation, rehabilitation and improvement of real property, facilities, equipment and improvements for the Borrower's educational and related and ancillary facilities, including athletic facilities, all to be located at the Elementary Campus, 1619 E. Monte Vista Ave., Turlock, CA 95382, 700 E. Monte Vista Ave., Turlock, CA 95382, 3500 North Quincy Road, Denair, CA 95316 and/or 2006 E. Tuolumne Rd., Turlock, CA 95382 (together with the Existing Facilities, the "Facilities") and

(c) pay certain costs of issuance of the Loan.

The Facilities financed or refinanced with proceeds of the Loan are, or will be upon acquisition and placement in service, operated by the Borrower.

The Loan and the obligation to pay principal of and interest thereon and any redemption premium with respect thereto do not constitute indebtedness or an obligation of the County, the Authority, the State of California or any political subdivision thereof, within the meaning of any constitutional or statutory debt limitation, or a charge against the general credit or taxing powers of any of them. The Loan shall be a limited obligation of the Authority, payable solely from certain revenues duly pledged therefor and generally representing amounts paid by the Borrower and secured by a deed of trust over certain of the Borrower's property.

NOTICE IS FURTHER GIVEN that the County will conduct the hearing only if, prior to the hearing, the Board of Supervisors of the County has authorized the hearing. If conducted, the hearing will commence at 9:10 A.M. or as soon thereafter as the matter can be heard, and will be held in the County-City Chambers, located in the basement of 1010 10th Street, Modesto,

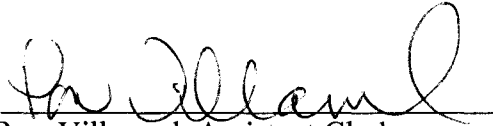
California. Interested persons wishing to express their views on the Loan or on the nature and location of the Facilities proposed to be financed and refinanced may attend the public hearing or, prior to the time of the hearing, submit written comments.

Additional information concerning the above matter may be obtained from, and written comments should be addressed to, Patricia Hill Thomas, Chief Operations Officer of the County of Stanislaus, 1010 10th Street, Suite 6800, Modesto, CA 95354 (209) 525-6333.

DATED: November 16, 2017

ATTEST: ELIZABETH KING  
Clerk of the Board of Supervisors  
of the County of Stanislaus,  
State of California

BY:

  
Pam Villarreal, Assistant Clerk

**DECLARATION OF PUBLICATION  
(C.C.P. S2015.5)**

**COUNTY OF STANISLAUS  
STATE OF CALIFORNIA**

I am a citizen of the United States and a resident Of the County aforesaid; I am over the age of Eighteen years, and not a party to or interested In the above entitle matter. I am a printer and Principal clerk of the publisher of THE MODESTO BEE, printed in the City of MODESTO, County of STANISLAUS, State of California, daily, for which said newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of STANISLAUS, State of California, Under the date of February 25, 1951, Action No. 46453; that the notice of which the annexed is a printed copy, has been published in each issue there of on the following dates, to wit:

Nov 21, 2017

I certify (or declare) under penalty of perjury That the foregoing is true and correct and that This declaration was executed at

MODESTO, California on

November 21st, 2017

(By Electronic Facsimile Signature)

Cynthia A. Villarreal

NOTICE OF PUBLIC HEARING IN CONNECTION WITH THE ISSUANCE OF BONDS, OR EXECUTION OF A LOAN TRANSACTION, BY THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY FOR THE BENEFIT OF TURLOCK CHRISTIAN SCHOOLS IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$10,000,000

Pub Dates Nov 21, 2017

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Additional information concerning the above matter may be obtained from, and written comments should be addressed to, Patricia Hill Thomas, Chief Operations Officer of the County of Stanislaus, 1010 10th Street, Suite 6800, Modesto, CA 95354 (209) 525-6333. DATED: November 16, 2017. ATTEST: ELIZABETH KING, Clerk of the Board of Supervisors of the County of Stanislaus, State of California. BY: Pam Villarreal, Assistant Clerk.