



Contra  
Costa  
County

To: Board of Supervisors  
From: Monica Nino, County Administrator  
Date: February 9, 2021

Subject: CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY/TAX EQUITY AND FISCAL RESPONSIBILITY ACT (TEFRA) HEARING - SEVEN HILLS SCHOOL

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**RECOMMENDATION(S):**

CONDUCT a public hearing, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, to hear and consider information concerning the proposed reissuance of revenue obligations by the California Enterprise Development Authority to benefit Seven Hills School, a California not-for-profit corporation in an aggregate principal amount not to exceed \$6,300,000 for cost savings; and

ADOPT Resolution No. 2021/60, approving the reissuance of tax-exempt revenue obligations by the California Enterprise Development Authority to benefit Seven Hills School, a California not-for-profit corporation. (Walnut Creek area)

**FISCAL IMPACT:**

Pursuant to the Internal Revenue Code, the reissuance of the Obligations must be approved by the County because the Facilities are located within the territorial limits of the County. There is no financial impact on the County.

**BACKGROUND:**

Seven Hills School, a California not-for-profit corporation, located at

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APPROVE

OTHER

RECOMMENDATION OF CNTY  
ADMINISTRATOR

RECOMMENDATION OF BOARD  
COMMITTEE

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Action of Board On: **02/09/2021**  APPROVED AS RECOMMENDED  OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor  
Candace Andersen, District II Supervisor  
Diane Burgis, District III Supervisor  
Karen Mitchoff, District IV Supervisor  
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: February 9, 2021

, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Timothy Ewell, (925)  
655-2043

cc:



## BACKGROUND: (CONT'D)

975 North San Carlos Drive in Walnut Creek has requested that the California Enterprise Development Authority (the "CEDA") participate in the reissuance of certain revenue obligations, in an aggregate principal amount not to exceed \$6,300,000 (the "Obligations") for cost savings.

The Obligation proceeds were originally issued to finance the following on its school campus located at 975 North San Carlos Drive, Walnut Creek: (i) the cost of construction, installation, rehabilitation, equipping and furnishing of educational facilities (the "Facilities"), and (ii) the cost of capital improvements to the Facilities, including new classrooms, a gymnasium, a 140-seat small theatre and adjacent green room, faculty offices, ancillary facilities and general development (the "Project");

In order for the interest on the Obligations to remain excluded from the gross income of the owner of the Obligations (i.e. tax-exempt), an "applicable elected representative" of the government unit must approve the reissuance of the Obligations after holding a public hearing ("TEFRA hearing") following reasonable public notice. The proposed reissuance by the CEDA is classified as a private activity for purposes of the Internal Revenue Code. Because the CEDA's Board of Directors is not an elected body, the Code provides that a government unit with elected representatives and jurisdiction over the area in which the project to be financed is located, in this case, the Board of Supervisors of Contra Costa County, is an "applicable elected representative" with respect to the reissuance.

The Code requires that the Board of Supervisors hold a TEFRA public hearing regarding the reissuance of the Obligations and that a resolution approving the reissuance of the bonds by the CEDA be adopted. The County is already a member of the CEDA, which allows the CEDA jurisdiction to reissue the Obligations. Therefore, staff recommends that the Board of Supervisors hold the public hearing, consider public input, and adopt the resolution regarding the reissuance of the Obligations. This approval is with the expressed understanding that the County shall have no obligation whatsoever to pay any principal, interest, fees or any other costs associated with the CEDA's reissuance of these Obligations. In addition, the Resolution notes that the County has not participated in a review of the financing documents associated with the reissuance.

## CONSEQUENCE OF NEGATIVE ACTION:

CEDA will not be able to reissue the tax-exempt bonds on behalf of Seven Hills School resulting in the loss of projected cost savings to the School.

## ATTACHMENTS

Resolution 2021/60

Proof of Publication